

# **MSINGA MUNICIPALITY**



## **ANNUAL REPORT 2015**

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**MSINGA MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 June 2015**

In terms of section 126 (1) of the Municipal Finance Management Act ,  
I am responsible for the annual financial statements, which are set out on  
pages 5 to 39, and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed  
in note 16 of these annual financial statements are within the upper limits of  
the framework envisaged in Section 219 of the Constitution, read with the  
Remuneration of Public Officer Bearers Act and the Minister of Provincial and  
Local Government's determination in accordance with this Act.

28 August 2015

**Date**

## Annual Financial Statements

for

## Msinga Municipality

for the year ended 30 JUNE : 2015

Province:

KwaZulu Natal

AFS rounding:

***R (i.e. only cents)***

### Contact Information:

**Name of Municipal Manager:**

**Name of Chief Financial Officer:**

JS Pansegrouw

Contact telephone number:

033-4930761

Contact e-mail address:

[Kosie.pansegrouw@msinga.org](mailto:Kosie.pansegrouw@msinga.org)

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Leneo Mofaka

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Contact e-mail address:

[Leneo.mofaka@treasury.gov.za](mailto:Leneo.mofaka@treasury.gov.za)

## Name of relevant Auditor:

Auditor-General South Africa

Contact telephone number:

033-2647400

Contact e-mail address:

[johnnys@agsa.co.za](mailto:johnnys@agsa.co.za)

***Name of contact at National Treasury:***

## Unathi Ndobeni

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**Msinga Municipality**  
**Financial Statements**  
**for the year ended 30 June 2015**  
**General information**

**Members of the Council**

FJ Sikhakane  
SG Masimula  
TL Kunene

Mayor  
Honourable Speaker  
Deputy Mayor

B Mthethwa  
RN Ngubane  
MPS Mshibe  
B N Zondi  
B Dumakude

Member of the Executive Committee  
Member of the Executive Committee  
Member of the Executive Committee  
Member of the Executive Committee  
Member of the Executive Committee

**Municipal Manager**

FB Sithole

**Chief Financial Officer**

**JS Pansegrouw**

**Grading of Local Authority**

Grade 2

**Auditors**

Auditor-General South Africa

**Bankers**

ABSA Bank

Effective 1st July 2001

**Msinga Municipality**  
**Financial Statements**  
**for the year ended 30 June 2015**

**General information (continued)**

**Registered Office:** Tugela Ferry

**Physical address:** Main Road  
Tugela Ferry

**Postal address:** Private Bag X530  
Tugela Ferry  
3010

**Telephone number:** 033-4930761

**Fax number:** 033-4930757

**E-mail address:** [fanozi.sithole@msinga.org](mailto:fanozi.sithole@msinga.org)

**Msinga Municipality**  
**FINANCIAL STATEMENTS**  
**For the year ended 30 June 2015**

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**MSINGA LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**  
**as at 30 June 2015**

	<u>Note</u>	<u>2015</u> <u>R</u>	<u>2014</u> <u>R</u>
<b>ASSETS</b>			
Current assets		84,076,268	88,375,633
Cash and cash equivalents	2	69,268,817	84,198,453
Trade receivables from exchange transactions	3	8,049,028	2,200,592
Other receivables from non-exchange transactions	4	48,046	48,046
VAT receivable	6	6,710,377	1,928,542
<b>Non-current assets</b>		153,771,337	126,925,444
Property, plant and equipment	7	153,771,337	126,925,444
<b>Total assets</b>		<u>237,847,605</u>	<u>215,301,077</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		25,537,852	19,700,951
Trade and other payables	8	6,126,379	2,822,239
Unspent conditional grants and receipts	9	17,220,473	16,878,712
<b>Non -Current liabilities</b>		369,000	310,000
Long service awards	11	369,000	310,000
<b>Total liabilities</b>		<u>23,715,852</u>	<u>20,010,951</u>
<b>Net assets</b>		<u>214,131,753</u>	<u>195,290,126</u>
<b>NET ASSETS</b>			
		211,940,753	195,290,126
Accumulated surplus	10	214,131,753	195,290,126
<b>Total net assets</b>		<u>214,131,753</u>	<u>195,290,126</u>



**MSINGA LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2015**

<b>REVENUE</b>	<b><u>NOTE</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Property rates	12	9,745,290	4,957,046
Service charges	13	77,758	46,900
Rental of facilities and equipment		450,549	474,871
Interest earned - external investments	15	6,865,323	5,185,110
Government grants and subsidies	14	148 949 906	124,963,814
Other income		164,472	121,527
Gain on disposal of Property, Plant and Equipment			80,937
<b>Total Revenue</b>		<b>166,253,298</b>	<b>135,830,205</b>
<b>EXPENDITURE</b>			
Employee related costs	16	22,575,970	18,480,197
Remuneration of Councillors	17	9,752,381	8,711,222
Long service benefits	11	59,000	310,000
Bad debts		1 000,000	147,015
Depreciation		18 355 729	14,129,614
Repairs and maintenance		13,970,259	7,455,922
Contracted services	20	2,725,850	2,233,318
Grants and subsidies paid	18	19,246,222	8,553,724
General expenses	19	59,726,260	44,350,212
<b>Total Expenditure</b>		<b>147,411,671</b>	<b>104,371,224</b>
<b>Surplus for the year</b>		<b>18,841,627</b>	<b>31,458,981</b>

**MSINGA LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**as at 30 June 2015**

	Accumulated Surplus	Total
	R	R
<b>2015</b>		
Balance at 30 June 2014	195,290,126	195,290,126
Surplus for the year	18,841,627	18,841,627
Balance at 30 June 2015	214,131,753	214,131,753
<b>2014</b>		
Balance at 30 June 2013	163,831,145	163,831,145
Surplus for the year	31,458,981	31,458,981
Balance at 30 June 2014	195,290,126	195,290,126

**MSINGA LOCAL MUNICIPALITY  
CASH FLOW STATEMENT  
for the year ended 30 June 2015**

	<u>Note</u>	<u>2015</u> <u>R</u>	<u>2014</u> <u>R</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from consumers and government		150,290,465	132,084,712
Cash paid to suppliers and employees		(126,883,801)	(91,979,705)
Cash generated from operations	21	23,406,664	40,105,007
Interest received		6,865,323	5,185,110
<b>Net cash flows from operating activities</b>		<u>30,271,987</u>	<u>45,290,117</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(45,817,315)	(34,764,358)
Purchase of intangible assets			
Proceeds from sale of fixed assets		615,692	217,384
<b>Net cash flows from investing activities</b>		<u>(45,201,623)</u>	<u>(34,546,974)</u>
<b>CASH FLOWS FROM FROM FINANCING ACTIVITIES</b>			
New loans raised (repaid )			
Increase (decrease ) in consumer deposits			
Increase (decrease ) in short term loans			
<b>Net cash flows from financing activities</b>			
<b>NET INCREASE (DECREASE ) IN CASH AND CASH EQUIVALENTS</b>		<u>(14,929,636)</u>	<u>10,743,143</u>
Net increase / (decrease) in net cash and cash equivalents		(14,929,636)	10,743,143
Net cash and cash equivalents at beginning of period		84,198,453	73,455,310
<b>Net cash and cash equivalents at end of period</b>	2	<u>69,268,817</u>	<u>84,198,453</u>



**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

**1 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Presentation of Annual Financial Statements**  
**BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise, they are presented in South African Rand.

These annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP). Issued by the Accounting Standards Board in accordance with Section 122 (3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP. The accounting policies applied are consistent with those used to present the previous year's annual financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant policy.

**Standards, amendments to standards and interpretations effective for financial periods commencing on or after 1 April 2013.**

In the current year, the municipality has adopted the following interpretations that are effective for the current financial year and that are relevant to its operations.

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Cost
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investment in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue From Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Asset

**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee benefits
GRAP 26	Impairment of Cash-generation Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GRAP103	Heritage Assets
GRAP 104	Financial Instruments

The following GRAP standards have been approved but are not yet effective. Application of all the GRAP standards noted below will be effective from a date to be announced by the Minister of Finance.

GRAP 105	Transfer of functions between entities under common control – issued November 2010
GRAP 106	Transfer of functions between entities not under common control – issued November 2010
GRAP 107	Mergers – issued November 2010

The municipality expects to adopt the standards for the first time once effective. Management have considered all of the above-mentioned GRAP standards and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality. **Standards, amendments to standards and interpretation not yet effective or relevant.** The following GRAP standard has been approved but an effective date has not been determined.

GRAP 18	Segment Reporting – issued February 2011
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Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the entity's past performance and to identify the resources allocated to support the major activities of the entity.

### **Presentation Currency**

These annual financial statements are presented in South African Rand, which is the functional currency of the Municipality.

### **Going Concern Assumption**

These annual financial statements have been prepared on a going concern basis.

#### **1.1 Significant judgments and sources of estimation uncertainty**

In preparing the financial statements, management is required to make estimates and

assumptions that affect the amounts represented in the financial statements and related

**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The areas where assumptions and estimates are insignificant to the financial to the financial statements are set out below.

**Debtors receivable**

The municipality assesses its debtors receivable for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated cash flows from the financial asset.

**Useful lives of property, plant and equipment**

Management estimates the remaining useful lives and condition of significant items of property, plant and equipment on an annual basis. In determining whether an impairment loss should be recorded in the surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a significant impairment of respective assets.

During the year under review no significant assets have been impaired as the municipality is currently in the process of rehabilitating most of its infrastructure assets.

**Provisions**

Provisions are recognized when the Municipality has a present or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the municipality.

**Impairment testing**

The municipality reviews and test the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

**Allowances for doubtful debt**

The provision for impairment is measured as the difference between the assets carrying amount and the present value of estimated future cash flow discounted at the effective interest rate computed at initial recognition. An impairment loss is recognized in surplus and deficit when there is objective evidence that an asset is impaired. The impairment is measured with reference to historical data and payment trend analysis per group of customers.

**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

**2. PROPERTY, PLANT AND EQUIPMENT**

**2.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**2.2 SUBSEQUENT MEASUREMENT -REVALUATION MODEL (LAND, BUILDINGS, and other Infrastructure assets)**

Subsequent to initial recognition, land, buildings, and other infrastructure assets are carried at a revalue amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**2.3 DEPRECIATION AND IMPAIRMENT**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:



**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	0-20	Buildings	30
Pedestrian Malls	30	Air Conditioners	7
Electricity	25	Vehicles and tractors	7
Water	20	Office equipment	5
			1
Sewerage	20	Furniture and fittings	0
<b>Community</b>		Machinery and Equipm	7
Buildings	30	Tools	5
Recreational Facilities	10	Radio	5
		Computer equipment	3

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

## **2.4 DERECOGNITION**

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **3. INVESTMENT PROPERTY**

### **3.1 INITIAL RECOGNITION**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

### **3.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL**

**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Land is not depreciated.

## **FINANCIAL INSTRUMENTS**

### **4.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

### **4.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

### **4.3 INVESTMENTS**

Investments, which include short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

### **4.4 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or

**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

#### **4.5 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

#### **4.6 CASH AND CASH EQUIVALENTS**

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

### **5. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **6. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **7. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **8. PROVISIONS**

**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

**9. LEASES**

**9.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

**9.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**10. REVENUE**

**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

**10.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered, the value of which approximates the consideration received or receivable.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in

which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on normal consumption.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

**10.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

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Revenue from the recovery of unauthorised fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

**10.3 GRANTS, TRANSFERS AND DONATIONS**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**11. BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

**12. RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**13. CONSTRUCTION CONTRACTS AND RECEIVABLES**

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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	<u><b>2015</b></u>	<u><b>2014</b></u>
<b>2 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of the following:		
Cash on hand		
Cash at bank	1,040,487	13,205,409
Call deposits	68,228,330	70,993,044
	<u>69,268,817</u>	<u>84,198,453</u>
The Municipality has the following bank accounts:		
Current account (Primary bank account)		
Absa Bank - Newcastle		
Branch		
Account number -		
4053635886		
Cash book balance at beginning of year	13,205,409	5,951,306
Cash book balance at end of year	1,040,487	13,205,409
Bank statement balance at beginning of year	16,562,914	9,499,372
Bank statement balance at end of year	6 225 390	16,562,914
<b>3 Trade receivables from exchange transactions</b>		
	Gross Balance	Provision for doubtful debts      Net balance
Balances at 30 June 2015		
Service debtors		
Rates	16,531,224	8,613,856      7,917,368
Other	131 660	131,660
Total	<u>16,662,884</u>	<u>8,613,856      8,049,028</u>
Balances at 30 June 2014		
Service debtors		
Rates	9,465,905	7,613,856      1,852,049
Other	348,543	348,543
Total	<u>9,814,448</u>	<u>7,613,856      2,200,592</u>
Rates: Ageing		
Current ( 0 - 30 days)		816,340      674,188
31 - 60 days		668,056      602,397
61 to 90 days		628,506      600,623
91 - 120 days		497,270      600,556
121 days and over		13,921,052      6,988,141
Total		<u>16,531,224      9,465,905</u>

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		<u>2015</u>	<u>2014</u>			
	Refuse and other : Ageing					
	Current ( 0 - 30 days)	(30,514)	(45,032)			
	31 - 60 days	(269,237)	3,611			
	61 to 90 days	3,605	3,612			
	91 - 120 days	3,605	3,611			
	121 days and over	424,201	382,740			
	Total	131,660	348,542			
4	<b>Other receivables from non - exchange transactions</b>					
	Other	98,713	98,713			
	Less: Provision for Bad Debt	(50,667)	(50,667)			
	Total other receivables	48,046	48,046			
5	<b>Long Term Receivables</b>					
	Pre-paid expenses					
	Sundry loans					
	Provision Bad Debts					
		0	0			
	Less: Current portion transferred to current receivables					
		0	0			
6	<b>VAT</b>					
	VAT receivable	6,710,377	1,928,542			
		6,710,377	1,928,542			
	VAT is payable on the payments basis					
7	<b>Property, Plant and Equipment</b>					
	Reconciliation of carrying value					
		Land and buildings	Infra-structure	Community	Other	Total
	Carrying value at 1 July 2014	13,804,541	90,177,691	12,977,847	9,965,362	126,925,441
	Cost	18,217,302	128,097,799	15,437,291	23,854,491	185,606,883
	Revaluation					
	Accumulated depreciation					
	- Cost	(4,412,761)	(37,920,108)	(2,459,444)	(13,889,129)	(58,681,442)
	- Revaluation					
	Acquisitions	1,820,497	28,128,609	5,773,829	10,094,380	45,817,315
	Transfer					0
	Capital under construction					
	Increases (decreases ) in revaluation					
	Depreciation					
	- transfer					0
	- based on cost	(645,318)	(12,493,106)	(2,901,482)	(2,315,823)	(18,355,729)
	- based on revaluation					
	Carrying value of disposals					
	Cost/revaluation				(931,000)	(931,000)
	Accumulated depreciation				315,309	315,309



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Carrying value at 30 June 2015	14,979,720	105,813,194	15,850,194	17,128,228	153,771,336
Cost	20,037,799	156,226,408	21,211,120	33,017,871	230,493,198
Revaluation					
Accumulated depreciation					
- Cost	(5,058,079)	(50,413,214)	(5,360,926)	(15,889,643)	(76,721,862)
- Revaluation					

Reconciliation of carrying value	Land and buildings	Infra-structure	Community	Other	Total
Carrying value at 1 July 2013	13,601,870	79,296,507	5,602,652	7,926,118	106,427,147
Cost	17,399,362	106,496,171	6,837,197	20,358,199	151,090,929
Revaluation					
Accumulated depreciation					
- Cost	(3,797,492)	(27,199,664)	(1,234,545)	(12,432,081)	(44,663,782)
- Revaluation					

Acquisitions	817,940	21,601,628	8,600,094	3,744,695	34,764,357
Transfer		(2,892,648)	2,892,648		0
Capital under construction					
Increases (decreases ) in revaluation					
Depreciation					
- transfer		126,657	(126,657)		0
- based on cost	(615,269)	(10,720,444)	(1,224,899)	(1,569,004)	(14,129,616)
- based on revaluation					
Carrying value of disposals					
Cost/revaluation				(248,403)	(248,403)
Accumulated depreciation				111,956	111,956

Carrying value at 30 June 2014	13,804,541	90,177,691	12,977,847	9,965,362	126,925,441
Cost	18,217,302	128,097,799	15,437,291	23,854,491	185,606,883
Revaluation					
Accumulated depreciation					
- Cost	(4,412,761)	(37,920,108)	(2,459,444)	(13,889,129)	(58,681,442)
- Revaluation					

**8 Trade and other payables**

	<b><u>2015</u></b>	<b><u>2014</u></b>
Trade creditors	3,990,256	1,454,630
Retention		667,340
Payments received in advance	774,605	
Staff leave	1,339,623	680,219
Deposits other		670
VAT	21,895	19,380

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	6,126,379	2,822,239
	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>9 Unspent Conditional Grants and Receipts</b>		
3.1 Conditional grants from other spheres of government	17,220,473	16,878,712
Total conditional grants and receipts	<u>17,220,473</u>	<u>16,878,712</u>

**Disclosure of grants and subsidies in terms of section 123 of MFMA ,Act 56 of 2003**

**Unspent Conditional Grants and Receipts**

Grants - general	820,300	1,070,308
Grant - construction of shelters	272,397	289,999
Int Dev I - Structure Grant	88,940	100,936
MIG-Roads	5,357,368	5,206,324
Transition grant		
Tourism grant	2,184,612	2,234,159
Municipal support grant	2,239,981	1,216,220
Grants - general	742,600	1,080,271
Grant -Integrated development plan		203,575
Spacial dev Framework		100,000
Implementation of M F M Act		145,000
Inter departmental monitoring grant		100,000
Grant - LUMS		237,223
Grant - Project Consolidate	1,478,507	1,478,507
Grant - community development workers	128,890	128,890
Housing grant - Pomeroy project	84,857	108,677
Grant - LED capacity building	246,604	246,604
Internal control & Audit committee		
Housing grant - Kwalatha project		(23,820)
Resol phase 1		145,000
Info Investment programme		200,000
Sportsfields	167,280	526,619
E - Learning		209,045
Electrification programme		
Intern corporate	108,000	108,000
Thusong Centres	319,091	319,091
Sweet potato project	1,030,569	1,030,569
EPWP grant	1,950,477	417,513
	<u>17,220,473</u>	<u>16,878,710</u>

**MIG Grant**

Balance unspent at beginning of year	5,206,324	3,015,605
Current year receipts	36,513,000	31,844,000
Conditions met - transferred to revenue	(36,361,956)	(29,653,281)
<b>Conditions still to be met - remain liabilities</b>	<u>5,357,368</u>	<u>5,206,324</u>

**MSINGA LOCAL MUNICIPALITY**  
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	<u><b>2015</b></u>	<u><b>2014</b></u>
<b>Finance Management Grant</b>		
Balance unspent at beginning of year	0	0
Current year receipts	1,800,000	1,650,000
Conditions met - transferred to revenue	(1,800,000)	(1,650,000)
Conditions still to be met - remain liabilities	<u>0</u>	<u>0</u>
<b>MSIG grant</b>		
Balance unspent at beginning of year	0	0
Current year receipts	934,000	890,000
Conditions met - transferred to revenue	(934,000)	(890,000)
Conditions still to be met - remain liabilities	<u>0</u>	<u>0</u>
<b>Grant - sportsfields</b>		
Balance unspent at beginning of year	526,619	895,459
Current year receipts		300,000
Conditions met - transferred to revenue	(359,338)	(668,840)
Transfer		
Conditions still to be met - remain liabilities	<u>167,281</u>	<u>526,619</u>
<b>Grant - electrification program</b>		
Balance unspent at beginning of year		
Current year receipts	8,000,000	7,900,000
Conditions met - transferred to revenue	(8,000,000)	(7,900,000)
Grant returned to National Treasury		
Transfer		
Conditions still to be met - remain liabilities	<u>0</u>	<u>0</u>
<b>Grant - EPWP</b>		
Balance unspent at beginning of year	417,513	776,441
Current year receipts	1,899,000	1,115,000
Conditions met - transferred to revenue	(366,037)	(1,473,928)
Conditions still to be met - remain liabilities	<u>1,950,476</u>	<u>417,513</u>
<b>Grant - Thusong Centres</b>		
Balance unspent at beginning of year	319,091	531,015
Current year receipts		

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Conditions met - transferred to revenue	(319,091)	(211,924)
Conditions still to be met - remain liabilities	0	319,091

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Grant - Sweet potato project</b>		
Balance unspent at beginning of year	1,030,569	1,500,000
Current year receipts		
Conditions met - transferred to revenue		(469,431)
Conditions still to be met - remain liabilities	1,030,569	1,030,569

**Other Government Grants and Subsidies**

<b>Balance unspent at beginning of year</b>	9,378,594	12,716,951
Current year receipts	1,532,399	842,730
Conditions met - transferred to revenue	(2,213,819)	(4,181,087)
Transfer	17,603	
Conditions still to be met - remain liabilities		
	<b>8,714,777</b>	<b>9,378,594</b>

These amounts are invested in a ring - fenced investment until utilised.

**10 ACCUMULATED SURPLUS**

The following internal reserves are ring-fenced within the Accumulated Surplus :

**Government Grant Reserve**

Balance at 30 June 2014	116,184,755	99,419,862
Capital grants used to finance Property, Plant and Equipment	34,170,957	29,653,280
Offsetting of Depreciation	(16,195,343)	(12,888,387)
Balance at 30 June 2015	134,160,369	116,184,755
Other surplus funds	79,971,384	79,105,371
Total Accumulated Surplus	<b>214,131,753</b>	<b>195,290,126</b>

**11 LONG SERVICE LEAVE AWARDS**

Accrued liability at 30 June 2014	310,000	246,000
Current service cost	50 000	41,000
Interest cost	26 000	19,000
Benefits paid		
Actuarial loss/(Gains)	(17 000)	4,000
Accrued liability at 30 June 2015	<b>369,000</b>	<b>310,000</b>

**MSINGA LOCAL MUNICIPALITY**  
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	<u><b>2015</b></u>	<u><b>2014</b></u>
<b>12 Property Rates</b>		
Actual		
Residential	663,835	411,592
Agricultural	2,221,858	597,479
Commercial	2,480,293	1,169,329
State	6,543,883	3,391,726
Other	484,114	231,266
Total assessment rates	12,393,983	5,801,392
Less: Rates rebates	(2,648,693)	(844,346)
	<u>9,745,290</u>	<u>4,957,046</u>
Valuations		
Residential	340 000 000	
Commercial	103 485 000	
State	509 362 991	
Municipal	15 009 997	
Other	390 437 000	
Total property valuations	<u>1,417,337,988</u>	
<b>13 Service Charges</b>		
Refuse removal	77,758	46,900
	<u>77,758</u>	<u>46,900</u>
<b>14 Government Grants and Subsidies</b>		
Equitable share	100,755,000	77,850,000
Skills levy	66,869	15,324
Conditional grants utilised	48,128,037	47,098,489
	<u>148,949,906</u>	<u>124,963,813</u>
<b>15 Interest</b>		
Investment income	4,844,806	3,489,337
Interest on current account	2,020,517	1,695,773
	<u>6,865,323</u>	<u>5,185,110</u>
<b>16 Employee Related Costs</b>		
Employee related costs - salaries and wages	16,036,053	13,042,960
Employee related costs - contributions to UIF, pension and medical cost	2,821,279	2,491,410
Travel, vehicle, accommodation, subsistence and other allowances	2,019,446	1,432,687
Housing benefits and allowances		2,088
Overtime payments	474,936	449,122
Annual Bonus	1,224,256	1,061,930

**MSINGA LOCAL MUNICIPALITY**  
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Total employee related costs	22,575,970	18,480,197
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There were no advances to employees. Loans to employees are set out in note 13.

	<u>2015</u>	<u>2014</u>
Remuneration of the Municipal Manager		
Annual remuneration	752,240	694,171
Performance bonus		
Car allowance	120,000	120,000
Contributions to Medical, Pension and UIF Funds	41,040	41,040
	<u>913,280</u>	<u>855,211</u>
Remuneration of the Chief Financial Officer		
Annual remuneration	<u>876,024</u>	<u>812,125</u>

Remuneration of other managers

2015

	Corporate Services	Engineering Services	Director Develop/plan
Annual remuneration	501,492	441,003	473,313
Performance bonus			
Car allowance	84,000	72,000	52,800
	<u>585,492</u>	<u>513,003</u>	<u>526,113</u>

2014

	Corporate Services	Engineering Services	Director Development
Annual remuneration	436,209	408,385	439,861
Performance bonus			
Car allowance	84,000	72,000	52,800
	<u>520,209</u>	<u>480,385</u>	<u>492,661</u>

	<u>2015</u>	<u>2014</u>
17 Remuneration of Councillors		
Mayor	394,488	373,544
Deputy Mayor	562,678	532,214
Speaker	320,483	303,748
Executive committee members	2,415,863	2,001,124
Councillors	6,058,869	6,231,316
	<u>9,752,381</u>	<u>9,441,946</u>
In - kind benefits		

The Mayor and the Speaker are provided with an office and secretarial support at the cost of Council.

The Mayor has use of a Council owned vehicle for official duties

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18	Grants and Subsidies Paid		
	Free basic services	19,246,222	8,553,724
		<u>19,246,222</u>	<u>8,553,724</u>
19	General Expenses	<b><u>2015</u></b>	<b><u>2014</u></b>
	Advertising	618,475	441,670
	Aerial survey		528,783
	Audit fees	835,561	656,898
	Audit: internal	538,932	724,949
	Admin fees	27,400	57,178
	Bank charges	395,462	576,949
	Awareness programme	1,999,381	1,427,705
	Conference and seminars	112,199	29,376
	Aids awareness	594,609	65,627
	Disaster management	73,911	59,648
	Electricity	671,236	669,441
	Entertainment	267,767	178,111
	Insurance	534,120	963,970
	Indigent support	300,000	677,442
	Legal fees	265,279	77,452
	Licences	180,133	67,011
	Emergency fund	2,584,675	2,533,670
	Materials	15,486	23,897
	Meetings/training	1,017,647	570,716
	Pauper burials	518,762	264,275
	Printing & stationary	364,995	137,037
	Rent: offices		178,000
	Security services	5,616,376	2,101,120
	Special projects	4,106,451	1,927,544
	Youth projects	1,567,300	1,510,543
	Sport and recreation	2,000,527	1,651,869
	Subsistence & travelling	3,153,249	1,792,136
	Subscriptions	482,500	493,060
	Sundries	8,614	34,843
	Ploughing cost	508,180	501,750
	Telephones	809,552	740,361
	Agricultural project	392,795	447,484
	Transport/vehicle cost	4,694,982	2,578,806
	Valuation expenses	227,455	305,866
	Ward committees	69,975	21,565
	Water	123,388	67,982
	Grant - general expenses	250,006	107,796
	Msig expenses	935,200	1,296,654
	Idp expenses	244,524	

**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Fmg expenses	1,800,000	1,622,306
	Rural elec plan	16,955,879	8,784,817
	Sport and recreation	359,339	668,840
	Map expenses	112,507	311,522
	<b>Note 19 continue</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
	Transition grant expenses	936,200	3,596,466
	Disaster fund housing	11,996	34,684
	Tourism	150,030	
	EPWP grant expenses	366,037	1,800,001
	MPCC grant expenses	211,924	211,924
	Library grant expenses	580,517	86,582
	Tugela ferry housing		175,000
	Sweet potato project		469,432
	Public participation grant expense	11,250	
	Contribution leave provision	659,404	99,453
	Protective clothing	464,074	
		<u>59,726,261</u>	<u>44,350,211</u>
20	Contracted Services		
	Management services	2,081,596	1,644,331
	Professional fees	644,255	588,987
		<u>2,725,851</u>	<u>2,233,318</u>
21	Cash Generated by Operations		
	Surplus for the year	18,841,627	31,458,981
	Adjustment for :		
	Depreciation	18,355,730	14,129,616
	Surplus on disposal of property, plant and equipment		(80,937)
	Contribution to long service provision	59,000	310,000
	Contributions to bad debt provision	1,000,000	147,015
	Investment income	(6,865,323)	(5,185,110)
	Interest paid		
	Operating surplus before working capital changes	31,391,034	40,779,565
	(Increase) decrease in consumer debtors	(6,848,436)	(2,237,639)
	(Increase) decrease in other debtors		(34,046)
	Increase (decrease ) in conditional grants and receipts	2,532,761	(2,556,760)
	Increase (decrease ) in creditors	1,113,140	361,648
	(Increase) decrease in VAT	(4,781,835)	3,792,240
	Increase (decrease ) in provisions		
		<u>23,406,664</u>	<u>40,105,008</u>
22	Cash and Cash Equivalents		
	Cash and cash equivalents included in the cash flow statement comprise the following amounts:		
	Bank balances and cash	1,040,487	13,205,409
	Call deposits	68,228,330	70,993,044



**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

		69,268,817	84,198,453
		<b><u>2015</u></b>	<b><u>2014</u></b>
23	Additional Disclosures in Terms of Municipal Finance Management Act		
	23.1 Contributions to organised local government		
	Opening balance		
	Council contributions		
	Amount paid - current year	482,500	450,000
	Amount paid - previous years		
	Balance unpaid ( included in creditors )	<u>482,500</u>	<u>450,000</u>
	23.2 Audit fees		
	Opening balance		
	Current year audit fee	835,561	656,898
	Amount paid current year	835,561	656,898
	Amount paid - previous years		
	Balance unpaid ( included in creditors )		<u>0</u>
	23.3 VAT		
	Opening balance	1 928 542	5,720,782
	Current year output VAT	(62 063)	
	Current year input VAT	9 656 828	8,759,257
	Amount refunded by SARS - current year	(4 812 930)	(12,551,497)
	Amount due by SARS - included in debtors	<u>6 710 377</u>	<u>1,928,542</u>
	All VAT returns have been submitted by the due date.		
	23.4 PAYE, UIF and Skills levy		
	Opening balance		
	Current year payroll deductions and Council UIF/Skills contributions	3,647,373	3,427,603
	Amount paid - current year	3,647,373	3,427,603
	Amount paid - previous years		
	Balance unpaid ( included in creditors )		
	23.5 Pension and medical aid deductions		
	Opening balance		
	Current year payroll deductions and Council contributions	2,612,412	2,394,604
	Amount paid - current year	2,612,412	2,394,604
	Amount paid - previous years		
	Balance unpaid ( included in creditors )		
24	Capital Commitments		
	Commitments in respect of capital expenditure:		
	- approved and contracted for		

**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

Infrastructure  
Community  
Heritage  
Other  
Housing Development Fund  
Investment properties

**Note 24 continue**

	<b><u>2015</u></b>	<b><u>2014</u></b>
- approved but not yet contracted for		
Infrastructure	33,048,000	37,713,000
Community	14,100,000	300,000
Heritage		
Other	4,850,000	7,500,000
Housing Development Fund		
Investment properties		
	<u>51,998,000</u>	<u>45,513,000</u>
 This expenditure will be financed from		
- government grants	38,048,000	36,513,000
- own resources	13,950,000	9,000,000
-		
	<u>51,998,000</u>	<u>45,513,000</u>

**25 RETIREMENT BENEFIT INFORMATION**

Certain Councillors and Certain employees belong to defined benefit retirement funds administered by the Natal Joint Municipal Pension Fund. These funds are subject to a triennial actuarial valuation. The last statutory actuarial valuation was performed as at 31 March 2013. The Actuary advised that the fund is 93.1% funded as at the valuation date at the overall level. The financial position of the fund has thus improved since the previous valuation date. It has been recommended that the surcharge remain in force as "Scheme to Eliminate Deficiency" to firstly eliminate the shortfall and then to build up sufficient solvency reserves.

**31.1 SUPERANNUATION FUND**

The Actuary advised that the total Fund is 97.9% funded as at the valuation date at the overall level. The pensioner liabilities are fully funded and the liabilities in respect of active members are 96.2%. In the option of the Actuary the fund is not in a financially sound position, but the surcharge being paid is expected to restore the Fund to a sound financial condition within the period permitted by the FSB

**31.3 Provident Fund**

The actuary is satisfied that the fund was in a sound financial condition as at 31 March 2013.

**26 Unauthorised Expenditure**

Opening balance	0	0
Add: Unauthorised expenditure current year	16 675 512	4,755,408
Less: Amounts condoned	<u>-16 675 512</u>	<u>(4,755,408)</u>
Closing balance	<u>0</u>	<u>0</u>

**MSINGA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2015**

26.1 Irregular Expenditure

Opening balance

Add: Irregular expenditure current year

Less: Amounts condoned

0	0
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26.1 Deviation from SCM policy approved by Council

Opening Balance

Deviations Current year

Authorised by Council

<u><b>2015</b></u>	<u><b>2014</b></u>
0	0
7 215 331	7,158,000
-7 215 331	-7,158,000
0	0

**ACTUAL VERSUS BUDGET ( REVENUE AND EXPENDITURE ) STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

<b>REVENUE</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Final Budget</b>	<b>Actual outcome</b>	<b>Variance</b>	<b>Actual outcome As % Of Final Budget</b>	<b>Actual Outcome As % Of Original Budget</b>	<b>Explanation of significant variances</b>
	R	R	R	R	R			
Property rates	9,765,000		9,765,000	9,745,290	(19,710)	100	100	
Service charges	43,000		43,000	77,758	34,758	181	181	
Rental of facilities and equipment	309,975		309,975	450,549	140,574	145	145	
Interest earned - external investments	5,700,000		5,700,000	6,865,323	1,165,323	120	120	Interest rate increase
Government grants and subsidies	154,548,000		154,548,000	148,949,906	(7,789,094)	95	95	R2 700 000 Less Equitable share
Other income	107,625		107,625	164,472	56,847	153	153	Received and grants not utilised
Sale of assets				-				
<b>Total Revenue</b>	<b>170,473,600</b>	<b>-</b>	<b>170,473,600</b>	<b>166,253,298</b>	<b>(6,411,302)</b>	<b>96</b>	<b>96</b>	
<b>EXPENDITURE</b>								
Employee related costs	21,484,500		21,484,500	22,575,970	1,091,470	105	105	Additional staff recruited not in budget
Remuneration of Councillors	11,625,619		11,625,619	9,752,381	(1,873,238)	84	84	Increase as gazetted less than budget
Long service benefits				59,000	59,000			
Bad debts	1,008,000		1,008,000	1,000,000	(8,000)	99	99	
Depreciation	18,748,365		18,748,365	18,355,729	(392,636)	98	98	
Repairs and maintenance	13,862,500		13,862,500	13,970,259	107,759	101	101	
Contracted services	3,087,500		3,087,500	2,725,850	(361,650)	88	88	
Grants and subsidies paid	17,225,000		17,225,000	19,246,222	2,021,222	112	112	Increase in electrical services
General expenses	57,692,419		57,692,419	59,726,260	2,033,841	104	104	Roll over projects and R 7 Million withheld by Treasury electricity grant
<b>Total Expenditure</b>	<b>144,733,903</b>	<b>-</b>	<b>144,733,903</b>	<b>147,411,671</b>	<b>2,677,768</b>	<b>102</b>	<b>102</b>	
<b>Surplus for the year</b>	<b>25,739,697</b>	<b>-</b>	<b>25,739,697</b>	<b>18,841,627</b>	<b>(9,089,070)</b>	<b>65</b>	<b>65</b>	

**ACTUAL VERSUS BUDGET(ACQUISITION OF PROPERTY,PLANT AND EQUIPMENT) STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015 Actual</b>	<b>2015 Under Construction</b>	<b>2015 Total Additions</b>	<b>2015 Budget</b>	<b>2015 Variance</b>	<b>2015 Variance</b>	<b>Explanation of significant variances</b>
	R	R	R	R	R	%	
Land and Buildings							
Land							
Buildings	1,820,497		1,820,497	1,500,000	320,497		Additional building cost not provided for
	1,820,497		1,820,497	1,500,000	320,497		
Infrastructure							
Roads	28,128,609		28,128,609	36,513,000	(8,384,391)	(23)	The R 5773829 for sports fields included in road budget
	28,128,609	-	28,128,609	36,513,000	(8,384,391)		
Community Assets							
Sportsfields	5,773,829		5,773,829		5,773,829		See above
	5,773,829	-	5,773,829	-	5,773,829		
Other Assets							
Air conditioners							
Office equipment					-		
Furniture and fittings	79,890		79,890		79,890		
Machinery				400,000			
Motor vehicles	10,014,490		10,014,490	7,100,000	2,914,490	41	Roll over project previous year
	10,094,380		10,094,380	7,500,000	2,994,380		
Total	45,817,315		45,817,315	45,513,000	704,315	2	

**APPENDIX A**  
**MSINGA LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2015**

	Cost/ Revaluation					Accumulated Depreciation					Carrying	
	Opening Balance	Transfer	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfer	Additions	Disposals	Closing Balance	Value
Land and Buildings												
Land												
Buildings	18,217,302		1,820,497			20,037,799	4,412,761		645,318		5,058,079	14,979,720
	18,217,302		1,820,497	-	-	20,037,799	4,412,761		645,318	-	5,058,079	14,979,720
Infrastructure												
Stormwater drainage												
Roads	125,205,151		28,128,609			153,333,760	37,793,451		12,493,106		50,286,557	103,047,203
	125,205,151	-	28,128,609	-	-	153,333,760	37,793,451	-	12,493,106	-	50,286,557	103,047,203
Community Assets												
Sports facilities	18,329,939		5,773,829			24,103,768	2,586,101		2,901,482		5,487,583	18,616,185
	18,329,939	-	5,773,829	-	-	24,103,768	2,586,101	-	2,901,482	-	5,487,583	18,616,185
Leased Assets												
Infrastructure												
Other Assets												
Refuse disposal site	1,531,890					1,531,890	1,531,890				1,531,890	-
Taxi rank	948,004					948,004	948,004				948,004	-
Fencing	584,030					584,030	584,030				584,030	-
Air conditioners	124,484					124,484	64,267		8,706		72,973	51,511
Office and computer equipment	2,446,369					2,446,369	1,924,181		147,809		2,071,990	374,379
Furniture and fittings	2,088,766		79,890			2,168,656	831,949		162,954		994,903	1,173,753
Machinery and equipment	213,666					213,666	65,452		21,429		86,881	126,785
Cellphones & radios	2,151					2,151	2,151				2,151	-
Motor vehicles	15,915,131		10,014,490		931,000	24,998,621	7,937,205		1,974,925	315,309	9,596,821	15,401,800
	23,854,491		10,094,380	-	931,000	33,017,871	13,889,129		2,315,823	315,309	15,889,643	17,128,228

Total	185,606,883	45,817,315	-	931,000	230,493,198	58,681,442	18,355,729	315,309	76,721,862	153,771,336
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## APPENDIX B

### MSINGA LOCAL MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

2014	2014	2014		2015	2015	2015
Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R		Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R
135,282,198	59,212,094	76,070,104	Executive and Council	168,283,432	82,460,665	85,822,767
406,228	9,899,728	(9,493,500)	Finance and Admin	386,967	14,726,590	(14,339,623)
	5,115,471	(5,115,471)	Planning and Development		7,626,091	(7,626,091)
	392,500	(392,500)	Health		1,128,296	(1,128,296)
94,878	4,959,168	(4,864,290)	Community & Social Services	153,834	7,651,177	(7,497,343)
	1,608,361	(1,608,361)	Public Safety		2,336,554	(2,336,554)
46,900	1,010,234	(963,334)	Waste Management	77,758	1,687,443	(1,609,685)
	21,608,100	(21,608,100)	Road Transport		31,798,854	(31,798,854)
	565,567	(565,567)	Other		644,694	(644,694)
		0				0
135,830,204	104,371,223	31,458,981	Sub - total	166,710,991	150,060,364	18,841,627

# **APPENDIX C**

## **DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA , ACT 56 OF 2003**

Description	Unspent balance at 1 July 2014	Received 2014/2015	Adjustment 2014/2015	Expenditure 2014/2015	Transfer 2014/2015	Unspent balance at 30 June 2015
	R	R		R	R	R
Grants - general	1,070,308			250,007		820,301
Grant - construction of shelters	289,999		17,603			272,396
Int Dev I - Structure Grant	100,936			11,996		88,940
MIG-Roads	5,206,324	36,513,000		36,361,956		5,357,368
Transition grant	0			936,200	936,200	0
Tourism grant	2,234,159	681,000		730,547		2,184,612
Municipal support grant	1,216,220			112,507	1,136,268	2,239,981
Grants - general	1,080,271	851,399		211,923	(977,149)	742,598
Grant -Integrated development plan	203,575			244,524	40,949	0
Spacial dev Framework	100,000				(100,000)	0
Finance Management grant	0	1,800,000		1,800,000		0
Implementation of M F M Act	145,000				(145,000)	0
Inter departmental monitoring grant	100,000				(100,000)	0
Grant - LUMS	237,223				(237,223)	0
Grant - Project Consolidate	1,478,507					1,478,507
Grant - community development workers	128,890					128,890
MSIG grant	0	934,000		934,000		0
Housing grant - Pomeroy project	108,677				(23,820)	84,857
Grant - LED capacity building	246,604					246,604
Internal control & Audit committee	0					0
Housing grant - Kwalatha project	(23,820)				23,820	0
Resol phase 1	145,000				(145,000)	0
Info Investment programme	200,000				(200,000)	0
Sportsfields	526,619			359,338		167,281
E - Learning	209,045				(209,045)	0
Rural electricity plan	0	8,000,000		8,000,000		0
Intern corporate	108,000					108,000
Thusong Centres	319,091					319,091
Sweet potato project	1,030,569					1,030,569
EPWP grant	417,513	1,899,000		366,037		1,950,476



Tugela Ferry housing grant

16,878,710	50,678,399	17,603	48,128,035	0	17,220,471
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Auditor-General of South Africa

Msinga Municipality –  
Audit report 2014-15

# Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Msinga Municipality

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Msinga Municipality set out on pages ... to ..., which comprise, the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget information with actual information for the year then ended as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Msinga Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matter paragraph

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Material underspending of the conditional grants

8. As disclosed in note 9 to the financial statements, the municipality has materially underspent the budget on conditional grants to the amount of R19,411 million. Consequently, National Treasury has not approved the rollover of R3,8 million to the 2015-16 year.

## Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following objectives presented in the annual performance report of the municipality for the year ended 30 June 2015.
  - Basic service delivery: Roads
  - Basic service delivery : Electrification
  - Basic service delivery: Waste management
  - To reduce sporting facilities backlog within the municipal area
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned

objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- Basic service delivery: Roads
- Basic service delivery : Electrification
- Basic Service delivery: Waste management
- To reduce sporting facilities backlog within the municipal area

### **Compliance with legislation**

14. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### **Internal control**

15. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Pietermaritzburg

27 November 2015



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Msinga MUNICIPALITY ACTION PLAN 2014-2015

**Type of Opinion: Clean Audit 2014-2015**

**Type of Opinion Previous Year: Unqualified with other matters**

**Adequacy of Audit Responses:**

<b>Nature of Audit Query</b>	<b>Audit Query</b>	<b>Response from Municipality</b>	<b>Progress</b>	<b>Target Date</b>
Material Underspending of the Conditional Grants	As Disclosed in note 9 to the Financial Statements, the Municipality has materially underspent the budget on conditional grants to the amount of R19,411 million. Consequently, National Treasury has not approved the rollover of R3,8 million to the 2015-16 year.	We will ensure 100% spending of the Conditional Grants by the end of the Financial Year.	Q1 25% Q2 25% Q3 25% Q4 25%	Going Forward

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F B SITHOLE

MUNICIPAL MANAGER

**BUDGET SPEECH FOR MSINGA LOCAL MUNICIPALITY PRESENTED TO THE  
COMMUNITY OF MSINGA BY HIS WORSHIP THE MAYOR DR F.J  
SIKHAKHANE: 2014/2015 FINANCIAL YEAR.**

**VENUE: FABENI STADIUM**  
**DATE: 11 JUNE 2015**  
**TIME: 09h00**

**1. OBSERVATION OF PROTOCOL**

- The Honorable Speaker – Programme Director
- Mayors, Deputy Mayors and Councilors of all Municipalities
- Our esteemed Amakhosi present and council
- Heads of various spheres of government and their supports
- Ministers of religious and all church members
- CDW's present
- HUBS present
- Members of various ward committees
- NGO's, CBO'S etc.
- Taxi Associations
- Farmers
- Youth
- Members of the media
- Distinguished guests
- Municipal officials
- Ladies and gentlemen of Msinga I greet you all

It gives me a great honor to rise and present budget for 2015/2016 financial year on behalf of Msinga Municipality before you Msinga citizens who are here today. Firstly I wish to thank all honorable councilors of Msinga municipality for an advance action of approving this budget unanimously on the 27/05/2015 as stipulated in the budget process plan for the said financial year. This is an indication of high professionalism in dealing with important municipal matters. The approved or adoption of the budget timorously is the requirement terms of Municipal Finance Management Act no 56 of 2003. It is my responsibility to advice the entire community of Msinga as the political head about all programmes pertaining performance of this municipality.

I present this budget before you with confidence that as from the beginning of the current financial year up to date we have been bringing government to the people through mayoral programme of action which we conducted in all wards and the community members were given an opportunity to express their views regarding development in this municipality. Both draft budget and IDP have been published in the Relevant local newspapers for comments and no objections were received. We therefore gathered here today to witness and celebrate an official approval of the budget and IDP for 2015/2016 and also to report to you about municipal performance during 2014/2015 financial year.

## **2. MSINGA MUNICIPALITY'S VISION AND MISSION STATEMENT**

### **VISION**

Msinga Municipality will strive to achieve corruption-free, eradicate poverty, and enhance integrated and sustainable development.

### **MISSION**

Msinga Municipality will strive to provide good health, human development, sustainable environment through the provision of adequate infrastructure in partnership with Traditional Leadership and other stakeholders.

In addition to the above, the following components have been identified as major keys to the development of Msinga communities:-

- Poverty alleviation and the provision of employment opportunities
- Empowerment
- Economic development
- The satisfaction of basic needs and the provision of services
- Education and Training
- Sustainable Municipality
- Participation of all citizens
- Safe and sustainable environment
- Youth Development
- Safe adequate housing
- HIV/ AIDS effects

## **3. MSINGA MUNICIPAL ANNUAL PERFORMANCE REPORT FOR 2014/2015 FINANCIAL YEAR**

Programme Director, I am very delighted and honored to present before thousands of Msinga people again such a report which has been achieved by Msinga Council during this financial year 2014/2015. To me this is the great achievement on the side of such local municipality which has no revenue base in order to generate its income. As you are aware that it is operating with only equitable share and grants that are divided in terms of DORA System and allocated to it. This annual performance is structured in terms standardize Municipal Key Performance Areas / indicators (KPA/KIP) for easy understanding and also to measure it with relevant objects of establishment as stipulated in section 152 of the Republic of South Africa Constitution, ACT NO 108 of 1996 or chapter 7.

## **4. PERFORMANCE REPORT OF MSINGA MUNICIPALITY**

It is always based on "Operation Sukuma Sakhe" focus area as its yardstick e.g. standard of comparison such as follows:-

- Job Creation
- Rural Development
- Education
- Health
- Food Security
- Youth Empowerment

These KPA's are covered through the following activities:-

### **4.1. BASIC SERVICE DELIVERY**

It is the responsibility of Local Government to ensure provision of services to communities in



a sustainable manner. This object has been achieved during the Financial year of reporting as follows:-

#### 4.1.1. Electrification

An amount of **R 8 Million** has been households of Ngcengeni, Parts of Ngubo and Paraffin areas knows as “Esijozini phase two” electrification in ward 3”

NO	ELECTRIFICATION	WARD	AMOUNT
1.	Supply of Electricity Sijozini phase 2	03	R 7 966 413.45

#### 4.1.2. MIG PROJECTS

##### Municipal access roads

Provision of access roads by Msinga Municipality were in two folds as follows:-

NO	PROJECT NAME	WARD	KILOMETERS	PROJECT VALUE
1.	Kosibiya Road	06	5,3km	R 3 966 254.82
2.	Mshafuthe Road	07	6,8km	R 5 295 201.50
3.	Sobho Road	16	12,5km	R 9 420 755.94
4.	Nokopela Road	08	7,8km	R 7 936 446.30
5.	Guswini Road	12	7,0km	R 7 582 833.12
6.	Pomeroy Internal Road	17	2,41km	R15 331 460.30

**TOTAL R 49 532 951.98**

##### IN HOUSE ROADS

NO	PROJECT NAME	WARD	KILOMETERS	PROJECT VALUE
1.	Sundwini Road	13	4.2km	R 1 304 422.09
2.	Ezidwedweni Road	04	3.5km	R 1 288 522.62
3.	Mapetla Road	03	1.5km	R 684 809.40
4.	Mhlophe Road	03	1.2km	R 587 396.68
5.	Mbhono Road	14	1.5km	R 926 517.90
6.	Mbangweni Road	18	1.3km	R 981 246.20
7.	Nombaxulana Road	18	2.8km	R 1 467 587.50
8.	Gcalanceni Road	18	2.5km	R 1 316 367.69
9.	Mahlatshana Road	18	1.5km	R 1 094 112.74
10.	Dumabemsola	08	3.5km	R 1 300 037.48

**TOTAL R10 951 022.30**

#### 4.1.3. PROVISION OF RURAL HOUSES

10 000 Rural houses have been identified and first step has been completed in various wards involved **example** 1,2,3,5,6,7,8,9,13 and 14. As a result only two roomed house was constructed in ward 5 to support needy Ndlovu family.

#### 4.1.4. CONSTRUCTION OF CRECHE

NO	NAME OF PROJECTS	WARD	AMOUNT
1.	Ntanyezulu Creche	01	R 125 445.00
2.	Nzimane Creche	01	R 121 710.00
3.	Bhaza Creche	02	R 120 823.90
4.	Thuthuka Creche	03	R 121 039.10
5.	Sampofu Creche	03	R 112 483.00
6.	Nondela Creche	07	R 125 445.00
7.	Mbhomeni Creche	07	R 113 944.84
8.	Okhalweni Creche	11	R 136 646.70
9.	Hlalaphansi Creche	12	R 127.238.10
10.	Mpenjane Creche	12	R 149 947.60
11.	Tholulwazi Creche	14	R 122 294.07
12.	Skhohlandi Creche	15	R 195 503.50
13.	Hlanganani Creche	17	R 120 291.00
14.	Gordon Creche	17	R 123 231.83
<b>TOTAL</b>			<b>R 18 160 13.64</b>

#### 4.1.5. INFRASTRUCTURE PROJECTS CONSTRUCTION OF COMMUNITY HALLS

NO	NAME OF PROJECT	WARD	AMOUNT
1.	Mpompolwane Community Hall	01	R 190 880.80
2.	KwaThushana Community hall	02	R 195 858.30
3.	Emkhamo Community hall	03	R 194 569.48
4.	Esidakeni Community hall	04	R 194 569.48
5.	Sampofu Community hall	04	R 195 404.00
6.	Mashunka Community hall	06	R 191 539.48
7.	Swelamanzi Community hall	07	R 194 639.50
8.	Nkobongweni Community Hall	08	R 189 504.48
9.	Madulaneni Community Hall	08	R 190 350.93
10.	Mxheleni Community Hall	09	R 187 936.98
11.	Gujini Community Hall	09	R 187 024.00
12.	Nxamalala Community Hall	10	R 195 503.50
13.	Fabeni Community Hall	10	R 486 507.00
14.	KwaLatha Community Hall	11	R 195 688.90
15.	Nhlesi Community Hall	13	R 199 483.90
16.	Nhlonga Community Hall	13	R 119 716.60
17.	Othobothini Community Hall	16	R 190 289.00
18.	Mngeni Community Hall	16	R 191 862.00
19.	Mbindolo Community Hall	17	R 181 379.27
20.	Mazabeko Community Hall	18	R 195 028.90
21.	Mahlaba Community Hall	18	R 190 289.00
22.	Giba Community Hall	19	R 190 289.00
23.	Ndanyana Community Hall	19	R 199 303.50
<b>TOTAL</b>			<b>R 4 647 618.00</b>

#### 4.1.6. Construction of classrooms

Only three classroom have been constructed in this financial year. Two classroom at Mbubu

School in ward 5 with an amount R **147 478.48** and one classroom at Ngcuba School in ward 13 with amount of **R 80 280.00**

### Construction of Other Projects

NO	NAME OF PROJECTS	WARD	AMOUNT
1.	2 Classrooms of Mbubu School	05	R 147 478.48
2.	2 rooms of Ndlovu Family (Esinqumeni Area)	05	R 92 545.26
3.	Renovation of Sibonokuhle crèche	15	R 72 000.00
4.	Renovation of koNgema Creche	15	R 60 939.40
5.	Renovation of Nogawu creche	05	R 54 900.00

**TOTAL**

**R 427 863.14**

### 5. OTHER CAPITAL PROJECTS

Msinga Municipality in order to accelerate construction of additional access road and in order to reduce road backlogs has decided to purchase other road equipment in this financial year:-

REGISTRATION NO.	DESCRIPTION OF EQUIPMENT	AMOUNT INVOLVED
NF 3156	Toyota Hilux with Canopy	R 467 905.87
NF 2680	Toyota Hilux – dark grey	R 399 326.70
CP 533E	Compactor Roller	R 1 820 885.52
NF 3199	Low Bed Trailer	R 499 500.00
NF 3186	UD Tipper Truck 30 Ton Scania Generator Hydraulic Excavator	R 1 137 750.00 R 798 989.72 R 1 687 200.00
NF 146	Ton Horse Truck	R 791 025.91
NF 2378	8 Ton Truck	R 582 412.32

**TOTAL**

**R 1 373 438.23**

### 6. LOCAL ECONOMIC DEVELOPMENT

It is the responsibility of this Municipality to ensure that LED is promoted in Msinga area for the benefit of its community, as a result various strategies have been developed to fulfill this object VIS:-

#### 6.1. The empowering of local catering business and suppliers of goods and services to the Municipality

This was witnessed during Mayoral Imbizo in various wards for public participation. Whenever His worship the Mayor addresses the community on food security he provides food parcels to the needy, widows, widowers and orphans and also encourages them to establish their small community gardens. These Imbizo's were held twice a year in each ward and 100 food parcels were supplied per event which means 200 food parcels were distributed in each ward during the current financial year R1, 3 Million. All food parcels were purchased from local businesses such as Nadi Trading, Ebheneza, Keats drift, Phakamani, Umsakazowezindaba, Inkanyezi, Khonzinkosi Spar, Khayaletu etc.

#### 6.2. Empowerment of caterers

In each Mayoral Imbizo ward caterers are given opportunities to cater its ward LED. An allocation of **R 5000.00** per ward and per Imbizo as allocated i.e.  $R5000 \times 19 \times 2 = \mathbf{R190\,000.00}$

### **6.3. Empowerment of other caterers for Council Meeting etc.**

An amount of **R105 000.00** was allocated under vote 001/381/000 to entertain Honorable Councilors when attending council meetings. Local caterers have been utilized in this services on rotational bases due to huge number of catering companies registered in municipal supply chain management Database.

### **6.4. Entertainment for Public / Community**

Attending Mayoral Imbizo's / event. An amount of **R 950 000.00** was used to entertain community with refreshments. Groceries for refreshments were bought from local shops e.g. Keats drift, Ok Inkanyezi, Khonzinkosi Spar and Khayaletu butchery.

### **6.5. Entertainment by local ward artist / performers**

In each ward only local artists were utilized for development of their Indigenous skills and talents. During the first round each group was supported with R1000.00 which means  $R1000.00 \times 19 = R 19\ 000.00$  whereas the support of each group during the second round was  $R2000.00 \times 19 = R 38\ 000.00 + R 19\ 000.00 = \mathbf{R 57\ 000.00}$ .

### **6.6. Hiring of tents**

Hiring of tents to accommodate 1000 members of community participated during Mayoral Imbizo were provided by 4 local service providers at rotational basic i.e. Amazwe. Siyazenzela, Majola construction and amount spent was **R 311 330.77**.

### **6.7. Hiring of Toilets**

An amount of **R114 000.00** was spent for this service and obtained from local companies such as Mngcobo cc, Shine The Way 33cc etc.

### **6.8. Agricultural**

Agriculture or farming is the main source of economy in this municipality in order to eradicate poverty. As a result Msinga municipality was compelled to allocate a sum of **R 636 84.00** per ward which is **R1 210 000.00** for 19 wards. This has enable each ward to support farmers to purchase fencing material of their agriculture lands, water pumps, seedlings, dipping chemicals and payment of ploughing charges or fees.

### **6.9. Mayoral budget speech event for today 11/06/2015**

An amount of **R 3 000 000** was set aside for this purpose and the majority of service providers utilized are within Msinga local municipality for empowerment as well as development of local economy such as:-

- Hiring of Mini Buses for Transportation
- Hiring of tents
- Hiring of main Marquee
- Groceries
- Labor + Caterers
- Catering for VIP'S
- Purchase Wood Fire

## **7. OTHER IMPORTANT ACHIEVEMENTS**

### **7.1. Youth projects**

An amount of **R 1 689 000.00** was allocated in order to cater for all youth needs and projects

which were arranged as follows:-

#### **7.1.1. Registration support to tertiary institutions**

The amount of **R 608 000.00** was utilized for this requirements as 174 students registered for higher education, 68 youth trained for security services and 60 youth trained for other qualifications e.g. Nursing, Drivers licenses etc.

#### **7.1.2. Experiential Learning**

An amount of **R 475 000.00** was allocated in order to give one volunteer from each ward to be trained in office experience.

#### **7.1.3. Youth Empowerment**

An amount of **R 570 000.00** was allocated in order to encourage youth in all various 19 wards to establish their self-help projects.

### **8. DISASTER MANAGEMENT**

An amount of **R126 000.00** was allocated to assist during disaster. Number of victims were supported with food vouchers, tents and blankets.

### **9. HIV/AIDS SUPPORT**

An amount of **R430 000.00** has been set aside for this support, and has been also increased as compared with previous financial years. The aim of this allocation is to enable the municipality to conduct awareness campaign regarding this problem which is increasing day to day.

### **10. PAUPER BURIALS**

An allocation of **R 410 000.00** has been set aside this financial year to enable the municipality to continue supporting families involved. Number of coffins have been provided to families involved to bury their loves one. In other instances food parcels were issued in this regard.

### **11. SPORTS AND RECREATION**

An allocation of **R 3 Million** was made to promote sports and indigenous skills and it was utilized as follows:-

- Sports to encourage youth to participate in SALGA games and Mayoral Cup.
- Recreation, wards Indigenous artists were empowered such as Ibhayi, Isishameni, Isicathamuya, uMbhohloho, Ingoma, Ubhaca all types of gospel, Isigekle, uMasikandi etc and each ward was allowed to encourage 10 groups per Mayoral event and these events 20 X 38 groups = 760 groups benefited and amount spent in this promotion = **R 57 000.00**

### **12. MUNICIPAL FINANCE VIABILITY AND MANAGEMENT**

Management of finance in this Municipality is still in the satisfactory manner. All relevant returns, e.g. Monthly, Bi-Monthly and annually are submitted timeously in terms of ACT NO. 56 OF 2003.

### **13. GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

#### **13.1. Municipal Committees**

Msinga Municipality consists of the following Committees:-

- Full Council

- Executive Committee
- Finance Portfolio Committee
- Administrative Committee
- Development Planning Committee
- Technical Committee
- MPACT
- Audit Committee
- MANCO all these committees manages to sit as scheduled.

### **13.2. Public Participation**

38 Mayoral events were conducted for this purpose +- 1000 people participated and as Government departments. Community of each ward benefited to get Government service at easy without spending money.

### **13.3. Job Creation**

Msinga Municipality in this financial year has excellently succeeded in this issue especially in youth, as follows:

- |                                  |     |
|----------------------------------|-----|
| ○ Security Guards                | 35  |
| ○ Red Spike                      | 36  |
| ○ Siyejabula                     | 24  |
| ○ Special Security               | 38  |
| ○ Environment Education Learners | 26  |
| ○ Waste Interns                  | 19  |
| ○ Marshalls                      | 380 |
| ○ Volunteers                     | 19  |
| ○ Food for waste                 | 100 |
| ○ Aliens Plant                   | 42  |
| ○ Road Maintenance               | 747 |
| ○ New recruits as 30 June        | 12  |

## **14. BUDGET ALLOCATION FOR 2015/2016 FINANCIAL YEAR. MSINGA MUNICIPALITY**

Programme Director, I am very pleased to present this allocation before all representatives of various municipal wards present here today. This allocation is informed by your requirements/needs you presented during Mayoral events that were conducted in your wards through this financial year 2014/2015. This budget comprise of both income and expenditure and it is also in two folds VIZ: Operational and Capital Budget.

## **15. STATUTORY REQUIREMENTS**

In terms of Section 10(G)(4) Of the Local Government Transition Act, Second amendment Act, 1996 (Act 97 of 1996) the Council shall submit to the Minister of Finance within 14 days from the adoption thereof by Council for the purpose of monitoring whether the maximum expenditure limits have been complied with: Provided that the Minister of Finance may delegate this monitoring function to the MEC responsible for Finance.

Section 10(G)(4) of the Act mentioned above provides that “in so far as it may be essential for the pursuit of the national economic policy, the Minister of Finance, after consultation with the Minister, determine maximum expenditure limits for the budgets or components of such budgets of municipalities for a financial year.”

The Minister of Finance has therefore set the Maximum expenditure increase of 6% for each of the capital, special and trust funds and operating budgets.

These restrictions do not take into consideration new municipalities that have been recently established as ours, resulting in some functions not efficiently, effectively and efficaciously being performed.

Our budget is still structured as per the following votes, each vote consists of a number of items:-

<b>VOTE</b>	<b>DEPARTMENT</b>
001	Council General
002	Assessment rates
005	Grants and subsidies
010	Municipal manager
020	Corporate Services
060	Property services
070	Multi Services
080	Community halls
090	Tourism services
100	Community service
110	Strategic planning
120	Health services
130	Safety services
210	Fire / Emergency services
300	Finance service
400	Technical services
410	Town planning
420	Building regulations
430	Roads
560	Refuse removal

## **16. BUDGET PRINCIPLES / METHODS**

### **○ SALARIES, WAGES AND ALLOWANCES**

A provision of 8% increase has been made in staff salaries, wages and allowances.

### **○ COUNCILLOR SALARIES AND ALLOWANCE**

The provision for Councilors salaries, allowances and benefits have been based on Government gazette draft Notice No. R 1224 for the determination of the upper limits of the salaries, allowances and benefits of the different members of the municipal council. A provision of 8% increase has been made although this may not be realized.

## **17. RESOURCE SUPPORT SERVICES**

### **○ OPERATING INCOME**

**Tariff of charges**

Refer to tariff of charges.

○ **EQUITABLE SHARE**

An amount of R 134 627 000 has been allocated to the Msinga Municipality for the financial year 2015/2016.

○ **GRANTS**

**Financial Management Grant**

An amount of R 1 800 000 has been allocated to Msinga Municipality.

**Municipal System Infrastructure Grant**

An amount of R 930 000 has been allocated to Msinga Municipality.

○ **OPERATING EXPENDITURE**

The total operational expenditure amounts to R 218 941 904

○ **CAPITAL BUDGET (PROJECTS)**

The total capital projects is **R 51 988 000** for the 2015/2016 financial year

Programme director I will dwell on projects which are directly addressing requirements of our community as follows:

<b>VOTE</b>	<b>ITEM</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
001	405	<b>Relief Fund:-</b> This has been increased from R2 625 00.00 in order to promote skills of Local Artists, Food Security in terms of Sukuma Sakhe Programme	R 3 800 00.00
005	394	Indigent Support: - This has been increase as compared with last financial year, to support the high rate of Indigent people in this municipality and to create temporal Job opportunity for poverty eradication.	R 1 216 000.00
005	554	<b>Free Basic Electricity:-</b> This has been increased to subsidize beneficiaries of solar panels	R 3 000 000.00
005	555	<b>Free Basic Services:-</b>	R 4 400 000.00
005	494	Rural Electricity plan by DOE for Mabaso Connections	R 20 000 000.00
005	569	Rural Electrification in house Programme in order to address huge electricity backlogs in Msinga by utilizing reserves for previous years.	R 45 000 000.00



005	560	<b>Disaster fund:-</b> Housing to be utilized at Mayoral Discretion to assist during minor Disaster	R 1000 000.00
100	449	<b>Youth Projects:-</b> This allocation will be utilized in the following projects for youth:- <ul style="list-style-type: none"> <li>• Office Experience for ward 19 volunteer</li> <li>• Registration Fee at Tertiary Institution</li> <li>• Other various youth projects</li> </ul> R 608 000.00	R 2 000 000.00  R 729 600.00 –  R 3 200.00 pm (per volunteer)  R 662 397.00p  R 34 863.00  R 32 000.00
100	450	<b>Sport &amp; Recreation:-</b> To promote sports and recreation as follows:- <ul style="list-style-type: none"> <li>• Recreation</li> <li>• Sports</li> <li>• Sport Kits and Recognition of public holiday</li> </ul>	R 3 000 000.00  R 190 000.00 (Groups activities)  R 2 000 000.00  R 810 000.00
100	454	<b>Ploughing Fee:-</b> To promote farming as source of income in our area	R 583 000.00
100	456	Agricultural projects to purchase fencing material  Transport of agriculture items	R 477 000.00
100	460		R 222 000.00

110	448	<b>Special projects:-</b> To be utilized at Mayoral discretion	R 5 000 000.00
120	374	<b>HIV/AIDS Awareness Campaigns:-</b> This has been increased as compared with previous financial year	R 65 000.00
120	420	<b>Pauper Burials:-</b> To support indigent people with coffins and vouchers to bury their loved ones	R 410 000.00
130	372	<b>Awareness Programme: -</b> This allocation has been increased as compared with previous financial due increased number of Mayoral event.	R 2 500 000.00
130	375	<b>Disaster Management: -</b> This amount has been increased in order address Disaster problems usually occurred in this Municipality during summer time.	R 200 000.00

## 18. CAPITAL PROJECTS

This is in connection with major projects for 2015/2016 known as “Infrastructure projects”  
Each ward is allocated with **R400 000.00** to be utilized as follows:-

WARD	DESCRIPTION OF THE PROJECT	AMOUNT INVOLVED
01	Construction of Ngabayena community hall	R 200 000.00
	Construction of Nhlanhleni community hall	R 200 000.00
02	Construction of Ntokozweni community hall	R 200 000.00
	Construction of Gunjana community hall	R 200 000.00
03	Construction of Ngcengeni community hall	R 200 000.00
	Construction of Esijoni community hall	R 200 000.00
04	Construction of Ezibomvini community hall	R 200 000.00
	Construction of Nyandu community hall	R 200 000.00
05	Construction of Big hall at Mzisho Centre	R 400 000.00
06	Construction of Big Community hall at Guqa area – to be known as “Simakadeni Hall”	R 400 000.00
07	Construction of Mkhovini Community Hall	R 200 000.00
	Construction of KoNdlovu Community Hall	R 200 000.00
08	Construction of Ntanyana Community Hall	R 200 000.00
	Construction of Mjintini Community Hall	R 200 000.00
09	Construction of Esinyameni Community Hall	R 200 000.00
	Construction of Ekuvukeni Community Hall	R 200 000.00

10	Construction of Mvundlweni Community Hall	R 200 000.00
	Construction of Mseleni Community Hall	R 200 000.00
11	Construction of Emfihlane Community Hall	R 200 000.00
	Construction of Esiphongweni community Hall	R 200 000.00
12	Construction of KwaDolo Community Hall	R 200 000.00
	Construction of Nzala Community Hall	R 200 000.00
13	Construction of Ndaya Community Hall	R 200 000.00
	Construction of Mkhuphula Community Hall	R 200 000.00
14	Construction of Mbhono Community Hall	R 200 000.00
	Construction of Msizini Community Hall	R 200 000.00
15	Construction of Dayiswayo Community Hall	R 200 000.00
	Renovation of Bongeni Creche	R 200 000.00
16	Construction of Esifuleni Community Hall	R 200 000.00
	Construction of Gqohi Community Hall	R 200 000.00
17	Construction of Gabela Community Hall	R 200 000.00
	Construction of Ezindulini Community Hall	R 200 000.00
18	Construction of Mthale Community Hall	R 200 000.00
	Construction of Hohoza Community Hall	R 200 000.00
19	Construction of Toilets at Giba and Mozane Halls	R 200 000.00
	Fencing of Ndanyana, Giba and Nyonyana Halls	R 200 000.00
<b>TOTAL</b>		<b>R7 600 000.00</b>

○ **CAPITAL PROJECTS UNDER MIG PROGRAMME**

**Access roads**

<b>WARD</b>	<b>DESCRIPTION OF THE PROJECTS</b>	<b>AMOUNT</b>
	Construction of Msanweni access road	R 5 000 000.00
10	Construction Gudwini Access road	R 6 000 000.00
14	Construction Mbhono Access road	R 2 000 000.00
16 & 17	Construction Ngubukazi Access road	R 8 500 000.00
18	Construction Mahlashana Access road	R 2 000 000.00
19	Construction Ndanyana Access road	R 2 000 000.00

**TOTAL R 25 000 000.00**

**Other projects**

<b>17</b>	Pomeroy internal roads surfacing	R 19 000 000.00
<b>05</b>	Upgrade of Mzisho sport fields	R 7 000 000.00
<b>TOTAL</b>		<b>R 51 500 000.00</b>

○ **ELECTRIFICATION PROJECTS FROM IN HOUSE**

<b>WARD</b>	<b>DESCRIPTION OF THE PROJECT</b>	<b>AMOUNT INVOLVED</b>
01	Electrification 200 families at Mkhuze, Mpondweni, Nzimane and Mbubeni.	R 5 000 000.00
02	Electrification 200 families at Mzweni Projects	R 5 000 000.00
04	Electrification 1000 families at Mabaso Projects (DOE_	R 20 000 000.00
05	Electrification of Nogawu and Mahlabathini areas	R 5 000 000.00
06	Electrification _+ 200 families under Jiza, koNdimane and other areas.	R 5 000 000.00
08	Electrification of Ekuvukeni and others 200 beneficiaries.	R 5 000 000.00
09	Electrification 200 families at Esithozini, okhulana and Ekuvukeni areas etc.	R 5 000 000.00
13	Electrification 200 families at Nhlesi, Ngcuba, Esimanyama etc.	R 5 000 000.00
14/15	Electrification 400 families at Ezingulubeni, Othame, Mbhono, Othathaweni etc.	R 5 000 000.00
<b>TOTAL</b>		<b>R 65 000 000.00</b>

○ **PURCHASE OF CAPITAL EQUIPMENT**

<b>NO</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
<b>1.</b>	Purchase of Waste Compactor Truck	R 2 800 000.00
<b>2.</b>	Purchase of Municipal Sewer System	R 250 000.00
<b>3.</b>	Purchase of Tractor, Plough, Disk and Ridge	R 150 000.00
<b>4.</b>	Purchase of Bailing Machine	R 200 000.00
<b>5.</b>	Purchase of Lawnmower	R 200 000.00
<b>6.</b>	Purchase of New Financial System	R 1 500 000.00
<b>TOTAL</b>		<b>R 25 000 000.00</b>

The total budget for the financial year **2015/2016** is **R 270 929 904.00**

Programme director, Amakhosi, Councilors, Dignitaries and the Entire Msinga community the budget I have presented to for Msinga Local Municipality only based on its core function projects and budget for other spheres of Government are included in the IDP and documents concerned are available in Municipal offices. This is your budget and is about you.

In conclusion I wish to express my heartfelt gratitude to all stakeholders and members of our community for attending significant function.

**Thank you. Ngiyathokoza**



MSINGA LOCAL MUNICIPALITY (KZ244)

**SECTION 46 ANNUAL MUNICIPAL  
PERFORMANCE REPORT FOR  
2014/15 FINANCIAL YEAR**

*Phone: 033 4930764/3*

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## FOREWORD BY THE MAYOR



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***“Driving developmental and economic forces in Msinga”***

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### **MSINGA MUNICIPALITY’S ANNUAL PERFORMANCE REPORT FOR 2014/2015 FINANCIAL YEAR**

Programme Director, I am very pleased to present before this community of Msinga once again achievements which have been made by Msinga Municipality during **2014/2015** financial year. To me this is a great achievement for such a small and new municipality located in a deep rural area which has no source of income. This report is structured in terms of municipal Key Performance Areas/ Indicators for easy understanding and also to measure with objects of establishment of local government as stipulated in section 152 of the Republic of South Africa Constitution Act no. 108 of 1996 ( Chapter 7).

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***Msinga annual performance report*** reflects the following;

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- a) The performance of the municipality and of each external service provider during the financial year
- b) A comparison of the performance referred to in paragraph (a) with targets and performances in the previous year and
- c) Annual performance report will form part of the municipality’s annual report in terms

of chapter 12 of the MFMA of 2003.

***Msinga municipality's vision:***

***Msinga municipality will strive to achieve corruption-free, eradicate poverty, and enhance integrated sustainable development.***

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**BUDGET SPEECH FOR MSINGA LOCAL MUNICIPALITY PRESENTED TO THE COMMUNITY OF MSINGA BY HIS WORSHIP THE MAYOR DR F.J SIKHAKHANE: 2014/2015 FINANCIAL YEAR.**

**VENUE:                      FABENI STADIUM**  
**DATE:                        11 JUNE 2015**  
**TIME:                        09h00**

**1. OBSERVATION OF PROTOCOL**

- The Honorable Speaker – Programme Director
- Mayors, Deputy Mayors and Councilors of all Municipalities
- Our esteemed Amakhosi present and council
- Heads of various spheres of government and their supports
- Ministers of religious and all church members
- CDW's present
- HUBS present
- Members of various ward committees
- NGO's, CBO'S etc.
- Taxi Associations
- Farmers
- Youth
- Members of the media
- Distinguished guests
- Municipal officials
- Ladies and gentlemen of Msinga I greet you all

It gives me a great honor to rise and present budget for 2015/2016 financial year on behalf of Msinga Municipality before you Msinga citizens who are here today. Firstly I wish to thank all honorable councilors of Msinga municipality for an advance action of approving this budget unanimously on the 27/05/2015 as stipulated in the budget process plan for the said financial year. This is an indication of high professionalism in dealing with important municipal matters. The approved or adoption of the budget timorously is the requirement terms of Municipal Finance Management Act no 56 of 2003. It is my responsibility to advice the entire community of Msinga as the political head about all programmes pertaining performance of this municipality.

I present this budget before you with confidence that as from the beginning of the current financial year up to date we have been bringing government to the people through mayoral

programme of action which we conducted in all wards and the community members were given an opportunity to express their views regarding development in this municipality. Both draft budget and IDP have been published in the Relevant local newspapers for comments and no objections were received. We therefore gathered here today to witness and celebrate an official approval of the budget and IDP for 2015/2016 and also to report to you about municipal performance during 2014/2015 financial year.

## **2. MSINGA MUNICIPALITY'S VISION AND MISSION STATEMENT**

### **VISION**

Msinga Municipality will strive to achieve corruption-free, eradicate poverty, and enhance integrated and sustainable development.

### **MISSION**

Msinga Municipality will strive to provide good health, human development, sustainable environment through the provision of adequate infrastructure in partnership with Traditional Leadership and other stakeholders.

In addition to the above, the following components have been identified as major keys to the development of Msinga communities:-

- Poverty alleviation and the provision of employment opportunities
- Empowerment
- Economic development
- The satisfaction of basic needs and the provision of services
- Education and Training
- Sustainable Municipality
- Participation of all citizens
- Safe and sustainable environment
- Youth Development
- Safe adequate housing
- HIV/ AIDS effects

## **3. MSINGA MUNICIPAL ANNUAL PERFORMANCE REPORT FOR 2014/2015 FINANCIAL YEAR**

Programme Director, I am very delighted and honored to present before thousands of Msinga people again such a report which has been achieved by Msinga Council during this financial year 2014/2015. To me this is the great achievement on the side of such local municipality which has no revenue base in order to generate its income. As you are aware that it is operating with only equitable share and grants that are divided in terms of DORA System and allocated to it. This annual performance is structured in terms standardize Municipal Key Performance Areas / indicators (KPA/KIP) for easy understanding and also to measure it with relevant objects of establishment as stipulated in section 152 of the Republic of South Africa Constitution, ACT NO 108 of 1996 or chapter 7.

## **4. PERFORMANCE REPORT OF MSINGA MUNICIPALITY**

It is always based on "Operation Sukuma Sakhe" focus area as its yardstick e.g. standard of comparison such as follows:-

- Job Creation

- Rural Development
- Education
- Health
- Food Security
- Youth Empowerment

These KPA's are covered through the following activities:-

#### 4.1. BASIC SERVICE DELIVERY

It is the responsibility of Local Government to ensure provision of services to communities in a sustainable manner. This object has been achieved during the Financial year of reporting as follows:-

##### 4.1.1. Electrification

An amount of **R 8 Million** has been households of Ngcengeni, Parts of Ngubo and Paraffin areas knows as "Esijozini phase two" electrification in ward 3"

NO	ELECTRIFICATION	WARD	AMOUNT
1.	Supply of Electricity Sijozini phase 2	03	R 7 966 413.45

##### 4.1.2. MIG PROJECTS

###### Municipal access roads

Provision of access roads by Msinga Municipality were in two folds as follows:-

NO	PROJECT NAME	WARD	KILOMETERS	PROJECT VALUE
1.	Kosibiya Road	06	5,3km	R 3 966 254.82
2.	Mshafuthe Road	07	6,8km	R 5 295 201.50
3.	Sobho Road	16	12,5km	R 9 420 755.94
4.	Nokopela Road	08	7,8km	R 7 936 446.30
5.	Guswini Road	12	7,0km	R 7 582 833.12
6.	Pomeroy Internal Road	17	2,41km	R15 331 460.30
<b>TOTAL</b>				<b>R 49 532 951.98</b>

###### IN HOUSE ROADS

NO	PROJECT NAME	WARD	KILOMETERS	PROJECT VALUE
1.	Sundwini Road	13	4.2km	R 1 304 422.09
2.	Ezidwedweni Road	04	3.5km	R 1 288 522.62
3.	Mapetla Road	03	1.5km	R 684 809.40
4.	Mhlophe Road	03	1.2km	R 587 396.68
5.	Mbhono Road	14	1.5km	R 926 517.90
6.	Mbangweni Road	18	1.3km	R 981 246.20
7.	Nombaxulana Road	18	2.8km	R 1 467 587.50
8.	Gcalanceni Road	18	2.5km	R 1 316 367.69
9.	Mahlatshana Road	18	1.5km	R 1 094 112.74
10	Dumabemsola	08	3.5km	R 1 300 037.48

**TOTAL**

**R10 951 022.30**

#### **4.1.3. PROVISION OF RURAL HOUSES**

10 000 Rural houses have been identified and first step has been completed in various wards involved **example** 1,2,3,5,6,7,8,9,13 and 14. As a result only two roomed house was constructed in ward 5 to support needy Ndlovu family.

#### **4.1.4. CONSTRUCTION OF CRECHE**

<b>NO</b>	<b>NAME OF PROJECTS</b>	<b>WARD</b>	<b>AMOUNT</b>
1.	Ntanyezulu Creche	01	R 125 445.00
2.	Nzimane Creche	01	R 121 710.00
3.	Bhaza Creche	02	R 120 823.90
4.	Thuthuka Creche	03	R 121 039.10
5.	Sampofu Creche	03	R 112 483.00
6.	Nondela Creche	07	R 125 445.00
7.	Mbhomeni Creche	07	R 113 944.84
8.	Okhalweni Creche	11	R 136 646.70
9.	Hlalaphansi Creche	12	R 127.238.10
10.	Mpenjane Creche	12	R 149 947.60
11.	Tholulwazi Creche	14	R 122 294.07
12.	Skhohlandi Creche	15	R 195 503.50
13.	Hlanganani Creche	17	R 120 291.00
14.	Gordon Creche	17	R 123 231.83

**TOTAL**

**R 18 160 13.64**

#### **4.1.5. INFRASTRUCTURE PROJECTS**

##### **CONSTRUCTION OF COMMUNITY HALLS**

<b>NO</b>	<b>NAME OF PROJECT</b>	<b>WARD</b>	<b>AMOUNT</b>
1.	Mpompolwane Community Hall	01	R 190 880.80
2.	KwaThushana Community hall	02	R 195 858.30
3.	Emkhamo Community hall	03	R 194 569.48
4.	Esidakeni Community hall	04	R 194 569.48
5.	Sampofu Community hall	04	R 195 404.00
6.	Mashunka Community hall	06	R 191 539.48
7.	Swelamanzi Community hall	07	R 194 639.50
8.	Nkobongweni Community Hall	08	R 189 504.48
9.	Madulaneni Community Hall	08	R 190 350.93
10.	Mxheleni Community Hall	09	R 187 936.98
11.	Gujini Community Hall	09	R 187 024.00
12.	Nxamalala Community Hall	10	R 195 503.50
13.	Fabeni Community Hall	10	R 486 507.00
14.	KwaLatha Community Hall	11	R 195 688.90
15.	Nhlesi Community Hall	13	R 199 483.90
16.	Nhlonga Community Hall	13	R 119 716.60
17.	Othobothini Community Hall	16	R 190 289.00

18.	Mngeni Community Hall	16	R 191 862.00
19.	Mbindolo Community Hall	17	R 181 379.27
20.	Mazabeko Community Hall	18	R 195 028.90
21.	Mahlaba Community Hall	18	R 190 289.00
22.	Giba Community Hall	19	R 190 289.00
23.	Ndanyana Community Hall	19	R 199 303.50

**TOTAL**

**R 4 647 618.00**

#### **4.1.6. Construction of classrooms**

Only three classroom have been constructed in this financial year. Two classroom at Mbubu School in ward 5 with an amount R **147 478.48** and one classroom at Ngcuba School in ward 13 with amount of **R 80 280.00**

#### **Construction of Other Projects**

NO	NAME OF PROJECTS	WARD	AMOUNT
1.	2 Classrooms of Mbubu School	05	R 147 478.48
2.	2 rooms of Ndlovu Family (Esinqumeni Area)	05	R 92 545.26
3.	Renovation of Sibonokuhle crèche	15	R 72 000.00
4.	Renovation of koNgema Creche	15	R 60 939.40
5.	Renovation of Nogawu creche	05	R 54 900.00

**TOTAL**

**R 427 863.14**

### **5. OTHER CAPITAL PROJECTS**

Msinga Municipality in order to accelerate construction of additional access road and in order to reduce road backlogs has decided to purchase other road equipment in this financial year:-

REGISTRATION NO.	DESCRIPTION OF EQUIPMENT	AMOUNT INVOLVED
NF 3156	Toyota Hilux with Canopy	R 467 905.87
NF 2680	Toyota Hilux – dark grey	R 399 326.70
CP 533E	Compactor Roller	R 1 820 885.52
NF 3199	Low Bed Trailer	R 499 500.00
NF 3186	UD Tipper Truck 30 Ton Scania Generator Hydraulic Excavator	R 1 137 750.00 R 798 989.72 R 1 687 200.00
NF 146	Ton Horse Truck	R 791 025.91
NF 2378	8 Ton Truck	R 582 412.32

**TOTAL**

**R 1 373 438.23**

### **6. LOCAL ECONOMIC DEVELOPMENT**

It is the responsibility of this Municipality to ensure that LED is promoted in Msinga area for the benefit of its community, as a result various strategies have been developed to fulfill this object VIS:-

#### **6.1. The empowering of local catering business and suppliers of goods and services to the Municipality**

This was witnessed during Mayoral Imbizo in various wards for public participation. Whenever His worship the Mayor addresses the community on food security he provides

food parcels to the needy, widows, widowers and orphans and also encourages them to establish their small community gardens. These Imbizo's were held twice a year in each ward and 100 food parcels were supplied per event which means 200 food parcels were distributed in each ward during the current financial year R1, 3 Million. All food parcels were purchased from local businesses such as Nadi Trading, Ebheneza, Keats drift, Phakamani, Umsakazowezindaba, Inkanyezi, Khonzinkosi Spar, Khayaletu etc.

#### **6.2. Empowerment of caterers**

In each Mayoral Imbizo ward caterers are given opportunities to cater its ward LED. An allocation of **R 5000.00** per ward and per Imbizo as allocated i.e.  $R5000 \times 19 \times 2 = \mathbf{R190\ 000.00}$

#### **6.3. Empowerment of other caterers for Council Meeting etc.**

An amount of **R105 000.00** was allocated under vote 001/381/000 to entertain Honorable Councilors when attending council meetings. Local caterers have been utilized in this services on rotational bases due to huge number of catering companies registered in municipal supply chain management Database.

#### **6.4. Entertainment for Public / Community**

Attending Mayoral Imbizo's / event. An amount of **R 950 000.00** was used to entertain community with refreshments. Groceries for refreshments were bought from local shops e.g. Keats drift, Ok Inkanyezi, Khonzinkosi Spar and Khayaletu butchery.

#### **6.5. Entertainment by local ward artist / performers**

In each ward only local artists were utilized for development of their Indigenous skills and talents. During the first round each group was supported with R1000.00 which means  $R1000.00 \times 19 = R\ 19\ 000.00$  whereas the support of each group during the second round was  $R2000.00 \times 19 = R\ 38\ 000.00 + R\ 19\ 000.00 = \mathbf{R\ 57\ 000.00}$ .

#### **6.6. Hiring of tents**

Hiring of tents to accommodate 1000 members of community participated during Mayoral Imbizo were provided by 4 local service providers at rotational basic i.e. Amazwe. Siyazenzela, Majola construction and amount spent was **R 311 330.77**.

#### **6.7. Hiring of Toilets**

An amount of **R114 000.00** was spent for this service and obtained from local companies such as Mngcobo cc, Shine The Way 33cc etc.

#### **6.8. Agricultural**

Agriculture or farming is the main source of economy in this municipality in order to eradicate poverty. As a result Msinga municipality was compelled to allocate a sum of **R 636 84.00** per ward which is **R1 210 000.00** for 19 wards. This has enable each ward to support farmers to purchase fencing material of their agriculture lands, water pumps, seedlings, dipping chemicals and payment of ploughing charges or fees.

#### **6.9. Mayoral budget speech event for today 11/06/2015**

An amount of **R 3 000 000** was set aside for this purpose and the majority of service providers utilized are within Msinga local municipality for empowerment as well as development of local economy such as:-

- Hiring of Mini Buses for Transportation
- Hiring of tents
- Hiring of main Marquee
- Groceries
- Labor + Caterers
- Catering for VIP'S
- Purchase Wood Fire

## **7. OTHER IMPORTANT ACHIEVEMENTS**

### **7.1. Youth projects**

An amount of **R 1 689 000.00** was allocated in order to cater for all youth needs and projects which were arranged as follows:-

#### **7.1.1. Registration support to tertiary institutions**

The amount of **R 608 000.00** was utilized for this requirements as 174 students registered for higher education, 68 youth trained for security services and 60 youth trained for other qualifications e.g. Nursing, Drivers licenses etc.

#### **7.1.2. Experiential Learning**

An amount of **R 475 000.00** was allocated in order to give one volunteer from each ward to be trained in office experience.

#### **7.1.3. Youth Empowerment**

An amount of **R 570 000.00** was allocated in order to encourage youth in all various 19 wards to establish their self-help projects.

## **8. DISASTER MANAGEMENT**

An amount of **R126 000.00** was allocated to assist during disaster. Number of victims were supported with food vouchers, tents and blankets.

## **9. HIV/AIDS SUPPORT**

An amount of **R430 000.00** has been set aside for this support, and has been also increased as compared with previous financial years. The aim of this allocation is to enable the municipality to conduct awareness campaign regarding this problem which is increasing day to day.

## **10. PAUPER BURIALS**

An allocation of **R 410 000.00** has been set aside this financial year to enable the municipality to continue supporting families involved. Number of coffins have been provided to families involved to bury their loves one. In other instances food parcels were issued in this regard.

## **11. SPORTS AND RECREATION**

An allocation of **R 3 Million** was made to promote sports and indigenous skills and it was utilized as follows:-

- Sports to encourage youth to participate in SALGA games and Mayoral Cup.
- Recreation, wards Indigenous artists were empowered such as Ibhayi, Isishameni, Isicathamiya, uMbholoho, Ingoma, Ubhaca all types of gospel, Isigekle, uMasikandi etc and each ward was allowed to encourage 10 groups per Mayoral event and these events 20 X 38 groups = 760 groups benefited and amount spent in this promotion =



**R 57 000.00**

## **12. MUNICIPAL FINANCE VIABILITY AND MANAGEMENT**

Management of finance in this Municipality is still in the satisfactory manner. All relevant returns, e.g. Monthly, Bi-Monthly and annually are submitted timeously in terms of ACT NO. 56 OF 2003.

## **13. GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

### **13.1. Municipal Committees**

Msinga Municipality consists of the following Committees:-

- Full Council
- Executive Committee
- Finance Portfolio Committee
- Administrative Committee
- Development Planning Committee
- Technical Committee
- MPACT
- Audit Committee
- MANCO all these committees manages to sit as scheduled.

### **13.2. Public Participation**

38 Mayoral events were conducted for this purpose +- 1000 people participated and as Government departments. Community of each ward benefited to get Government service at easy without spending money.

### **13.3. Job Creation**

Msinga Municipality in this financial year has excellently succeeded in this issue especially in youth, as follows:

- |                                  |     |
|----------------------------------|-----|
| ○ Security Guards                | 35  |
| ○ Red Spike                      | 36  |
| ○ Siyejabula                     | 24  |
| ○ Special Security               | 38  |
| ○ Environment Education Learners | 26  |
| ○ Waste Interns                  | 19  |
| ○ Marshalls                      | 380 |
| ○ Volunteers                     | 19  |
| ○ Food for waste                 | 100 |
| ○ Aliens Plant                   | 42  |
| ○ Road Maintenance               | 747 |
| ○ New recruits as 30 June        | 12  |

## **14. BUDGET ALLOCATION FOR 2015/2016 FINANCIAL YEAR. MSINGA MUNICIPALITY**

Programme Director, I am very pleased to present this allocation before all representatives of various municipal wards present here today. This allocation is informed by your requirements/needs you presented during Mayoral events that were conducted in your wards through this financial year 2014/2015. This budget comprise of both income and expenditure and it is also in two folds VIZ: Operational and Capital Budget.

## **15. STATUTORY REQUIREMENTS**

In terms of Section 10(G)(4) Of the Local Government Transition Act, Second amendment Act, 1996 (Act 97 of 1996) the Council shall submit to the Minister of Finance within 14 days from the adoption thereof by Council for the purpose of monitoring whether the maximum expenditure limits have been complied with: Provided that the Minister of Finance may delegate this monitoring function to the MEC responsible for Finance.

Section 10(G)(4) of the Act mentioned above provides that “in so far as it may be essential for the pursuit of the national economic policy, the Minister of Finance, after consultation with the Minister, determine maximum expenditure limits for the budgets or components of such budgets of municipalities for a financial year.”

The Minister of Finance has therefore set the Maximum expenditure increase of 6% for each of the capital, special and trust funds and operating budgets.

These restrictions do not take into consideration new municipalities that have been recently established as ours, resulting in some functions not efficiently, effectively and efficaciously being performed.

Our budget is still structured as per the following votes, each vote consists of a number of items:-

<b>VOTE</b>	<b>DEPARTMENT</b>
001	Council General
002	Assessment rates
005	Grants and subsidies
010	Municipal manager
020	Corporate Services
060	Property services
070	Multi Services
080	Community halls
090	Tourism services
100	Community service
110	Strategic planning
120	Health services
130	Safety services
210	Fire / Emergency services
300	Finance service
400	Technical services
410	Town planning
420	Building regulations
430	Roads
560	Refuse removal

## **16. BUDGET PRINCIPLES / METHODS**

### **○ SALARIES, WAGES AND ALLOWANCES**

A provision of 8% increase has been made in staff salaries, wages and allowances.

○ **COUNCILLOR SALARIES AND ALLOWANCE**

The provision for Councilors salaries, allowances and benefits have been based on Government gazette draft Notice No. R 1224 for the determination of the upper limits of the salaries, allowances and benefits of the different members of the municipal council. A provision of 8% increase has been made although this may not be realized.

**17. RESOURCE SUPPORT SERVICES**

○ **OPERATING INCOME**

**Tariff of charges**

Refer to tariff of charges.

○ **EQUITABLE SHARE**

An amount of R 134 627 000 has been allocated to the Msinga Municipality for the financial year 2015/2016.

○ **GRANTS**

**Financial Management Grant**

An amount of R 1 800 000 has been allocated to Msinga Municipality.

**Municipal System Infrastructure Grant**

An amount of R 930 000 has been allocated to Msinga Municipality.

○ **OPERATING EXPENDITURE**

The total operational expenditure amounts to R 218 941 904

○ **CAPITAL BUDGET (PROJECTS)**

The total capital projects is **R 51 988 000** for the 2015/2016 financial year

Programme director I will dwell on projects which are directly addressing requirements of our community as follows:

<b>VOTE</b>	<b>ITEM</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
001	405	<b>Relief Fund:-</b> This has been increased from R2 625 00.00 in order to promote skills of Local Artists, Food Security in terms of Sukuma Sakhe Programme	R 3 800 00.00
005	394	Indigent Support: - This has been increase as compared with last financial year, to support the high rate of Indigent people in this municipality and to create temporal Job opportunity for poverty eradication.	R 1 216 000.00

005	554	<b>Free Basic Electricity:-</b> This has been increased to subsidize beneficiaries of solar panels	R 3 000 000.00
005	555	<b>Free Basic Services:-</b>	R 4 400 000.00
005	494	Rural Electricity plan by DOE for Mabaso Connections	R 20 000 000.00
005	569	Rural Electrification in house Programme in order to address huge electricity backlogs in Msinga by utilizing reserves for previous years.	R 45 000 000.00
005	560	<b>Disaster fund:-</b> Housing to be utilized at Mayoral Discretion to assist during minor Disaster	R 1000 000.00
100	449	<b>Youth Projects:-</b> This allocation will be utilized in the following projects for youth:- <ul style="list-style-type: none"> <li>• Office Experience for ward 19 volunteer</li> <li>• Registration Fee at Tertiary Institution</li> <li>• Other various youth projects</li> </ul>	R 2 000 000.00  R 729 600.00 –  R 3 200.00 pm (per volunteer)  R 662 397.00p  R 34 863.00  R 32 000.00
100	450	<b>Sport &amp; Recreation:-</b> To promote sports and recreation as follows:- <ul style="list-style-type: none"> <li>• Recreation</li> <li>• Sports</li> <li>• Sport Kits and Recognition of public holiday</li> </ul>	R 3 000 000.00  R 190 000.00 (Groups activities)  R 2 000 000.00  R 810 000.00

100	454	<b>Ploughing Fee:-</b> To promote farming as source of income in our area	R 583 000.00
100	456	Agricultural projects to purchase fencing material  Transport of agriculture items	R 477 000.00
100	460		R 222 000.00
110	448	<b>Special projects:-</b> To be utilized at Mayoral discretion	R 5 000 000.00
120	374	<b>HIV/AIDS Awareness Campaigns:-</b> This has been increased as compared with previous financial year	R 65 000.00
120	420	<b>Pauper Burials:-</b> To support indigent people with coffins and vouchers to bury their loved ones	R 410 000.00
130	372	<b>Awareness Programme: -</b> This allocation has been increased as compared with previous financial due increased number of Mayoral event.	R 2 500 000.00
130	375	<b>Disaster Management: -</b> This amount has been increased in order address Disaster problems usually occurred in this Municipality during summer time.	R 200 000.00

## 18. CAPITAL PROJECTS

This is in connection with major projects for 2015/2016 known as “Infrastructure projects”  
Each ward is allocated with **R400 000.00** to be utilized as follows:-

WARD	DESCRIPTION OF THE PROJECT	AMOUNT INVOLVED
01	Construction of Ngabayena community hall	R 200 000.00
	Construction of Nhlanhleni community hall	R 200 000.00
02	Construction of Ntokozweni community hall	R 200 000.00
	Construction of Gunjana community hall	R 200 000.00
03	Construction of Ngcengeni community hall	R 200 000.00
	Construction of Esijoni community hall	R 200 000.00
04	Construction of Ezibomvini community hall	R 200 000.00
	Construction of Nyandu community hall	R 200 000.00

05	Construction of Big hall at Mzisho Centre	R 400 000.00
06	Construction of Big Community hall at Guqa area – to be known as “Simakadeni Hall”	R 400 000.00
07	Construction of Mkhovini Community Hall	R 200 000.00
	Construction of KoNdlovu Community Hall	R 200 000.00
08	Construction of Ntanyana Community Hall	R 200 000.00
	Construction of Mjintini Community Hall	R 200 000.00
09	Construction of Esinyameni Community Hall	R 200 000.00
	Construction of Ekuvukeni Community Hall	R 200 000.00
10	Construction of Mvundlweni Community Hall	R 200 000.00
	Construction of Mseleni Community Hall	R 200 000.00
11	Construction of Emfihlane Community Hall	R 200 000.00
	Construction of Esiphongweni community Hall	R 200 000.00
12	Construction of KwaDolo Community Hall	R 200 000.00
	Construction of Nzala Community Hall	R 200 000.00
13	Construction of Ndaya Community Hall	R 200 000.00
	Construction of Mkhuphula Community Hall	R 200 000.00
14	Construction of Mbhono Community Hall	R 200 000.00
	Construction of Msizini Community Hall	R 200 000.00
15	Construction of Dayiswayo Community Hall	R 200 000.00
	Renovation of Bongeni Creche	R 200 000.00
16	Construction of Esifuleni Community Hall	R 200 000.00
	Construction of Gqohi Community Hall	R 200 000.00
17	Construction of Gabela Community Hall	R 200 000.00
	Construction of Ezindulini Community Hall	R 200 000.00
18	Construction of Mthale Community Hall	R 200 000.00
	Construction of Hohoza Community Hall	R 200 000.00
19	Construction of Toilets at Giba and Mozane Halls	R 200 000.00
	Fencing of Ndanyana, Giba and Nyonyana Halls	R 200 000.00
<b>TOTAL</b>		<b>R7 600 000.00</b>

○ **CAPITAL PROJECTS UNDER MIG PROGRAMME**

### Access roads

WARD	DESCRIPTION OF THE PROJECTS	AMOUNT
	Construction of Msanweni access road	R 5 000 000.00
10	Construction Gudwini Access road	R 6 000 000.00
14	Construction Mbhono Access road	R 2 000 000.00
16 & 17	Construction Ngubukazi Access road	R 8 500 000.00
18	Construction Mahlashana Access road	R 2 000 000.00
19	Construction Ndanyana Access road	R 2 000 000.00
<b>TOTAL</b>		<b>R 25 000 000.00</b>

### Other projects

17	Pomeroy internal roads surfacing	R 19 000 000.00
05	Upgrade of Mzisho sport fields	R 7 000 000.00
<b>TOTAL</b>		<b>R 51 500 000.00</b>

### ○ ELECTRIFICATION PROJECTS FROM IN HOUSE

WARD	DESCRIPTION OF THE PROJECT	AMOUNT INVOLVED
01	Electrification 200 families at Mkhuze, Mpondweni, Nzimane and Mbubeni.	R 5 000 000.00
02	Electrification 200 families at Mzweni Projects	R 5 000 000.00
04	Electrification 1000 families at Mabaso Projects (DOE_	R 20 000 000.00
05	Electrification of Nogawu and Mahlabathini areas	R 5 000 000.00
06	Electrification _+ 200 families under Jiza, koNdimane and other areas.	R 5 000 000.00
08	Electrification of Ekuvukeni and others 200 beneficiaries.	R 5 000 000.00
09	Electrification 200 families at Esithozini, okhulana and Ekuvukeni areas etc.	R 5 000 000.00
13	Electrification 200 families at Nhlesi, Ngcuba, Esimanyama etc.	R 5 000 000.00
14/15	Electrification 400 families at Ezingulubeni, Othame, Mbhono, Othathaweni etc.	R 5 000 000.00
<b>TOTAL</b>		<b>R 65 000 000.00</b>

### ○ PURCHASE OF CAPITAL EQUIPMENT

NO	DESCRIPTION	AMOUNT
1.	Purchase of Waste Compactor Truck	R 2 800 000.00
2.	Purchase of Municipal Sewer System	R 250 000.00
3.	Purchase of Tractor, Plough, Disk and Ridge	R 150 000.00
4.	Purchase of Bailing Machine	R 200 000.00
5.	Purchase of Lawnmower	R 200 000.00
6.	Purchase of New Financial System	R 1 500 000.00
<b>TOTAL</b>		<b>R 25 000 000.00</b>

The total budget for the financial year **2015/2016** is **R 270 929 904.00**

Programme director, Amakhosi, Councilors, Dignitaries and the Entire Msinga community the budget I have presented to for Msinga Local Municipality only based on its core function projects and budget for other spheres of Government are included in the IDP and documents concerned are available in Municipal offices. This is your budget and is about you.

In conclusion I wish to express my heartfelt gratitude to all stakeholders and members of our community for attending significant function.

**Thank you. Ngiyathokoza**

### **FOREWORD BY THE MUNICIPAL MANAGER**



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The annual performance report presented below captures the activities the Msinga Municipality undertook in the 2014/2015 financial year. It is crafted in terms of the municipal vision and targets to all heads of departments within the municipality. The performance report provides evidence that the municipality has achieved both objects of local government establishment and KPAs in terms of Local Government, Municipal Performance regulations for municipal manager's and managers directly accountable to the Municipal manager, 2006.

All categories of the municipal staff have played their roles in order to achieve the municipal strategic goals as outlined by his Worship the Mayor that "we are driving developmental economic forces in Msinga".



## INTRODUCTION

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### 1. Background to Municipal Performance Reporting

The Msinga Municipality's Annual Performance Report is compiled in terms of the legislative requirements of Chapter 6 of the Municipal Systems Act, 32 of 2000 and Chapter 12 for the Municipal Finance Management Act, 56 of 2003. The Municipal Systems Act prescribes the role of each sphere of government in the municipal performance reporting.

### Analysis of Municipal Performance Information for 2014/2015 Financial Year

#### PURPOSE

To present the Annual performance report in line with the performance agreements signed in terms of section 57(b) of the Municipal systems act no 32 of 2000 as amended

#### DISCUSSION

This report is presented in line with Msinga Performance Framework and is therefore legally binding, the Heads of Department are mandated to report quarterly on performance of their departments towards the realization of the targets in the IDP 2013/2014. The report presented below is in line with the SDBIP 2014/2015, and the Performance agreements in terms of section 57 (1) (b) of the Municipal Systems Act signed by the Heads of departments at the beginning of the financial year in July 2014.

#### THE MUNICIPAL VISION

***Msinga Municipality will strive to achieve corruption-free environment, eradicate poverty, and enhance integrated and sustainable development***

The municipality has maintained this vision without deviating it.

### **KEY OBJECTIVES AND STRATEGIES**

For Msinga municipality to achieve the desired future (vision) it has to address its key objectives through various specific strategies and projects. The National Government developed a 5 Year Local Government Strategic Agenda and this document identifies 6 Key Performance Areas which municipalities are required to address. Msinga municipality in addressing its developmental objectives has ensured that they are aligned with the PGDS goals.

**Table 1. Priority issues (source Msinga IDP 2014/2015)**

<b>PGDS GOALS</b>	<b>KEY PERFORMANCE AREA</b>	<b>MUNICIPAL PRIORITY ISSUE</b>
<b>Strategic infrastructure</b>	<b>Infrastructure and services</b>	<p>Satisfaction of basic needs through provision of services :</p> <ul style="list-style-type: none"> <li>❖ Water</li> <li>❖ Sanitation</li> </ul> <p>✓ Roads ✓ Housing ✓ Electricity ✓ Solid Waste</p>
<b>Job creation</b>	<b>Local Economic &amp; Social Development</b>	<p>Local economic development through:</p> <ul style="list-style-type: none"> <li>✓ Commercially orientated agriculture</li> <li>✓ One house one garden</li> <li>✓ Tourism projects</li> <li>✓ Stone crushing</li> <li>✓ Agri-processing</li> <li>✓ Poverty alleviation</li> <li>✓ Education and training</li> <li>✓ LED Strategy implementation</li> <li>✓ HIV/AIDS</li> <li>✓ Youth development</li> </ul>
<b>Human resource development</b>	<b>Municipal transformation</b>	<ul style="list-style-type: none"> <li>✓ Improve staff skills through WSDP</li> <li>✓ Improve municipal PMS</li> <li>✓ Effective management of facilities</li> <li>✓ Improve municipal performance reporting</li> </ul>

	<b>Municipal financial viability</b>	<ul style="list-style-type: none"> <li>✓ Generate income for the municipality</li> <li>✓ Promote sound financial practices</li> </ul>
<b>Governance and policy</b>	<b>Good governance</b>	<ul style="list-style-type: none"> <li>✓ Improve communication with the community</li> <li>✓ Participation of all citizens</li> <li>✓ Empowerment</li> </ul>
<b>Spatial equity</b>	<b>Spatial Development</b>	<ul style="list-style-type: none"> <li>✓ Safe and sustainable environment</li> <li>✓ Attract investment to Nodal areas</li> <li>✓ Ensure proper spatial planning</li> <li>✓ Adopt a reviewed SDF</li> </ul>

## 2014/2015 HIGHLIGHTS

### CHALLENGES

1. **Weather** – delays were experienced during the execution of certain projects, the unpredictable weather caused delays in the anticipated time frames of the projects. Projects affected include the Pomeroy Sports complex and road Maintenance projects.
2. **Contracts** not honoured – contractors guilty of breaching the contract or declining the contracts.
3. **Over expenditure**- some projects have gone over the budgeted amount( e.g. electricity projects)
4. **Powers and functions & ownership**-the problem the municipality faces emanates from ownership, where mast lights are concerned, the municipality cannot take responsibility to fix them as in terms of ownership they in the custody of the Department of Public Works as they were installed long before the municipality came into existence. This in turn affects its functionality as it has not been able to source funding for the refurbishment of the three Tugela Ferry mast lights. The dysfunctional lights tarnish the aesthetic value of the town during reduced visibility periods and importantly at night. It also exacerbates crime.
5. **Infrastructure**- Msinga has a huge backlog of infrastructural nature especially roads, however it has no strategic plan that spatially reflect the quantified backlogs. The municipality needs to develop a backlogs study that details the current baseline, backlogs and the time it will take to completely eradicate backlogs.
6. **Roads Maintenance**: The two weeks per ward programme is going slow due to major

breakdowns challenges the municipality

## **Performance report**

The report seeks to identify areas where underperformance may occur and highlights good performance with an aim of finding corrective measures for underperformance going forward. This report is to be read in conjunction with the municipal financial statements for a complete picture on municipal performance. Although reference is made here to expenditure, it must be noted that for accurate financial information, the financial statements supersede any financial information presented in this report. This report is a collage of HODs quarterly reports submitted on the 10<sup>th</sup> (along with proof of evidence) monthly to the Accounting officer subsequently to EXCO and council on performance of their departments towards the realization of the targets enshrined in the IDP 2014/2015. The municipal performance report of the 2014/2015 financial year is presented in line with the set targets.

The report is presented in line with the national key performance areas (NKPA).

## **NKPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (FINANCIAL DEPARTMENT)**

### **Purpose:**

To present the ***Fourth Quarter performance report for 2014/2015*** in line with the performance agreements signed in terms of section 57(b) of the Municipal systems act of 2000 as amended.

### **Discussion:**

The MFMA of 2003 states that a municipality is mandated to make a report of its performance for each quarter of the financial year in line with the set targets in the municipal IDP 2014/2015. The report is also presented in line with section 14 (4) (b) Municipal Planning and Performance Management Regulations of 2001 (MPPMR) & MFMA circular 65; the report is presented in line with these pieces of legislation along with the municipality's Performance Policy. The Heads of Department are mandated to report (along with proof of evidence) monthly to the Accounting officer on performance of their departments towards the realization of the targets in the IDP 2014/2015 and Service Delivery and Budget Implementation Plan 2014/15 in terms of Municipal Systems Act section 41 and MFMA circular 65.

This report is a collage of HODs monthly reports submitted to the Municipal Manager. The report is presented in line with the National Key Performance Areas (NKPA). Performance is further articulated in terms of percentages in the SDBIP 2014/15 and scorecard template attached here under as *annexure A* for reference purposes.

## 1) KPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (FINANCIAL DEPARTMENT)

The extent to which the municipality complies with the legislative requirement of the MFMA:

1. The section 71 report is submitted monthly to Auditor General.
  2. Auditing commenced in the first quarter and completed in the second quarter
  3. Achievements of the MFMA checklist is at 60%
  4. Expenditure on capital and grant funded programmes. The percentage of capital budget and grant funded spent on the programmes and projects by 30 June 2015 will be forwarded to the Municipal manager by 30 June 2015.
  5. Quarterly expenditure reports are submitted to the MM within 10 days of each quarter.
  6. 100% of the budget is linked to the IDP 2014/15.
  7. Suppliers are paid within 30 days of the statement date
  8. The asset register is in place and assets have now been barcoded
  9. Monthly budget reports are submitted to the Municipal Manager.
  10. The AG report was received at the end of November 2014. Audit opinion: *Unqualified.*
  11. Budget Process for 2015/2016 has commenced; budget process plan was approved by Council on 17/09/2014.
  12. Draft Annual Report has been prepared and submitted to AG, COGTA & Treasury
- Final Annual report was submitted to council on the 23<sup>rd</sup> January 2015.
13. Financial statements were submitted to MPAC, AG and DCOGTA in August 2014
  14. Budget adjustments were endorsed by council in February 2015.
  15. The draft Budget was adopted on 27 March 2015; the final was adopted by council on the 27 May 2015. The budget was forwarded to DCOGTA and Provincial Treasury ten days after adoption as the MFMA stipulates.
  16. The budget and IDP 2015/16 was then presented by the municipal Mayor to the community at Efabeni on the 10 June 2015.

## 2) KPA: BASIC SERVICE DELIVERY (TECHNICAL DEPARTMENT)

### A. ACCESS ROADS

#### To provide a better Local access Road network:

To provide a better Local access Road network:

2014/2015 MIG allocation is R 36 513 000.00. The allocation is fully committed with Pomeroy Sport field phase 2, KoSbiya, Gidamasoka, Mshafuthi, Nokopela, Guswini and Sobho access roads. The municipality will be implementing 9 access roads this financial year (with the addition of Gidamasoka from the previous year). The progress on each road is as follows:

The intention is to improve road access and ensure that road related backlog is reduced.

A target of 29.3 kilometres of gravel road with storm water to be constructed during 2014/2015.

A total of 38, 8 km of gravel roads with storm water drainage has been completed at varying levels

#### Budget approved

**MIG: R 24 300 000 00**

#### Gravel access roads:

1. Ko-Sbiya 5,3 km and : Project is 100% complete
2. Mshafuthi 6.8km : The project is 100% complete
3. Sobho 12.3km : The project is 90% complete
4. Nokopela 7,6km : The project is 90% complete
5. Guswini 6,8km : The project is 60% complete

**Explanantion of variance** :Due to MIG budget constraints, some of the projects were delayed on purpose and rolled over to be completed during 2015/2016 financial year

#### Pomeroy internal roads

1. Hime Street: 60% complete
2. Shepstone Street: 60% complete
3. Green Street: 60% complete

4. Colenso Street: 60% complete

**Budget approved:** R18 852, 750 00,

**Expenditure to date:** R 23,085,000.00

## **B. ROADS MAINTENANCE**

Ensure that the municipal access roads constructed previously are properly maintained and kept in good order.

Two maintenance projects: The maintenance of existing roads and the EPWP: Siyazenzela road maintenance programme

70 km to be maintained.

Adding to the 646 EPWP employees for the previous year 2013/2014. The target was to employ 50 more people by the end of 2014/2015 financial year.

At the end of 2014/2015 financial year a total of 746 EPWP Siyazenzela women were employed. A total of 100 new employees have been added in the year 2014/15.

### **EPWP Grant**

R 1,900,000.00

### **Expenditure to date**

R 1,900,000.00

### **Roads to be maintained**

- Sundwini 100%
- Ezidwedweni 100%
- Dumabemsola 100%
- Mhlophe 100%
- Mapehla 100%
- Mbhono 100%

These projects are implemented internally and were successfully completed.

**Budget approved**

R 8,500,000.00

Adjusted: 3,500,000.00

Total budget: R12,000,000.00

**Expenditure to date**

R 8,440,258.34

**C. ELECTRICITY PROJECTS**

To accelerate electrification of Msinga

Number of Houses to be electrified / projects implemented to eradicate the electricity backlog within Msinga municipal area.

**i) Electricity connections**

No. of connections expected:

✓ ESijozini 2A electrification: 400 connections

✓ ESijozini 2B electrification: 500 connections

**Budget approved**

ESijozini 2A electrification: R 4 000 000.00

ESijozini 2B electrification: R 4000,000.00

**Progress to date:**

**Esijozini 2A (Ngubo):** 407 connections completed. Project is 100% complete. .

**Esijozini 2B (Ngcengeni):** 488 connections. The project is 100% complete but waiting to be energised. Delay in energising has been a result of the delay with the completion of kwa-Ngubo



Project.

**Budget expenditure to date:**

- ESijozini 2A electrification

R 7,502,973.38

- ESijozini 2B electrification

R 9,630,032.43

**Explanation of variance & corrective action**

- Ngcengeni (2B). project was completed on time but was not energised due to incomplete project at kwa-Ngubo(2A)
- Ngubo project: Poor performance by the contractor.
- Over expenditure was detected in the second quarter and Budget adjustment was approved by council using Free basic electricity vote to cover the short fall in both projects

**ii) Maintenance of Tugela ferry streetlights**

1. Refurbishment of 3 mast lights:

2. Tugela ferry street lights

- The municipality is still in the process of resolving ownership issues around High mast lights which seem to be a stumbling block in their maintenance.

**Budget approved: R200 000**

**Expenditure to date: 0**

**D. SPORTS FACILITIES**

To reduce sporting facilities backlog within the municipal area.

To ensure that all sport facilities are maintained regularly:

1. Mzisho sport field

2. Fabeni Sport field
3. Ezindluzeleni sport field
4. Nyoniyezwe sport field
5. Ehlanzeni sports field
6. Gxobanyawo sports field
7. Pomeroy sports field
8. Shiyane sports field

Maintenance in all sport fields is *continuous*.

- Fabeni Sports field has been renovated.

A request has been sent to DSR requesting funding for renovating and upgrading Mzisho sport facility.

**Budget allocated:** R 150,000.00

**Expenditure to date:** R 168,000.00

The maintenance vote was utilised to cover the over expenditure of R18, 000.00

#### **E. POMEROY SPORT COMPLEX**

Ensure that sport and recreation facilities are constructed.

**Progress to date:**

Construction is at **100%** completion. Project is complete and handed over to the municipality for operation and maintenance.

**Budget approved:** R 19,000,000.00

**Budget expenditure to date:** R 15,346,348.82

#### **F. IN HOUSE INFRASTRUCTURE PROJECTS (ward Plans)**

These are projects funded internally and implemented through municipal ward plans.

To ensure proper construction of infrastructural projects: crèches, 1or 2 classrooms per school or Two room houses within Msinga municipal area. The projects are identified at a ward level based on

the needs of the ward. Each ward is allocated an equal amount of R400 000 for this programme.

Infrastructure project	Quantity	Completion %	Reasons
Crèches	18	100% completed	
2 Room-Houses	3	100% completed	
2 Classrooms	3	100% completed	
Community Halls	18	100% completed	

**Budget approved:** R 7 600 000 00

**Budget expenditure to date:** R 7 600 000 00

## J. WASTE MANAGEMENT

Ensure that waste management issues are handled in accordance with relevant legislations.

- I. Completion of recycling facility: 2014/2015 target has been completed.
- II. Solid waste collection and disposal: is done daily at Pomeroy and Tugela Ferry. The project is ongoing
- III. Cleaning contractor supervision: ongoing at Pomeroy and Tugela ferry
- IV. Maintenance to Pomeroy landfill site: is done weekly; ongoing
- V. Waste skips to be purchased and placed at strategic points: project postponed due to changes in priorities. The project was moved to 2015/16 financial year.

**Approved Budget:** R1, 9000, 000.00

**Expenditure to date:** R 1, 900,000.00

## K. HOUSING PROJECTS (DEVELOPMENT PLANNING)

### HUMAN SETTLEMENT

Facilitation of the implementation of housing projects:

Progress made with the implementation of 6 housing projects currently underway at Msinga

1. **Kwalatha** –construction is underway.  
102 completed houses, 143 wall plates, 193 slabs and 266 cut platforms
2. **KwaDolo** - has problem of land claim, department of Rural Development and Land reform has to facilitate the ownership of the land use.

3. **Pomeroy** - Construction is on site installing the water pipes. The current status of the project is estimated to be 90%. Bulk service is a challenge.
4. **Ezibomvini** - The construction is in progress.
5. **Mvundleni**- The project has been completed and the close-out report is being prepared. 550 completed houses with rainwater harvesting.
6. **Mthembu** – Construction has been started and they have:
  - i. Foundations - 266
  - ii. Wall plate - 143
  - iii. Complete - 103
  - iv. Approved sites - 1260

A total of 10 new housing projects have been initiated and the process of appointing Implementing Agents has been completed. All Implementing Agents are busy with Stage 1 report compilation.

### 3) KPA: SOCIAL & LOCAL ECONOMIC DEVELOPMENT

#### A. DISASTER MANAGEMENT

To develop a fully-fledged Disaster Management Plan to be included in the 2015/16 IDP.

Progress made in the development of a Disaster Management plan.

- ✓ The project is reaching its final stages now; it is done in-house by Department of Rural Development and Land Reform, UMzinyathi District municipality and Msinga Municipality. The final Meeting was held in May 2015 to finalise the Disaster management plan. The plan has been completed and is awaiting council adoption in September 2015.

The incidents of disaster are attended to with a space of two days after they have been reported. The data is collected, the immediate relief given and the information is forwarded to the district municipality for further assistance.

#### In the first quarter:

- There were number of incidents that happened in this quarter. All the incidents were as result of fire due to lightning or grass fire.
  - ✓ 03 houses were partially damaged,
  - ✓ 3 totally destroyed
  - ✓ 1 fatalities and
  - ✓ 2 injuries

- ✓ 03 Road accidents
- ✓ 10 blankets, 2 tents given out

A total of **67** fire incidents were reported and attended to. The team managed to extinguish the fire.

#### **In the second quarter:**

- There were several incidents that happened in this quarter. All the incidents were as result of fire. A total of **17** households were affected. The affected wards were ward 3, 5, 15, 14, 13, 17, 16, 01, 11, 07, 15, 11, 05, 7, 10 and 14. No fatalities were reported.
- A total of **84** incidents were reported in the past six months
  - People affected by disaster were 200,
  - Building partially damaged 67,
  - Building totally damaged 24,
  - Fatalities 0,
  - Injuries 2
  - Blankets issued 50
  - Tents 11, and
  - Plastic sheets 10.
- No awareness was done this quarter: The risk profile was on the Pomeroy community health centre on 11 November 2014. The fire equipment test was also done on the same institution on 19 November 2014
- Time taken to respond to the call of fire: The fire team has to attend to the calls of fire immediately

#### **In the third quarter:**

- 23 partially damaged houses due to strong winds
- 49 households affected
- 19 totally destroyed

- 224 people affected
- No injuries or fatalities reported
- 34 blankets,3 mattresses,9 tents,2 plastic sheeting handed out

Fire incidents: 15 fire incidents were attended to. The fire team managed to extinguish all incidents.

03 Motor Vehicle Accidents (MVA) where one civilian was trapped in the car and need Jaws of Life. The accidents were all attended.

#### **Fourth quarter:**

Several incidents happened in this quarter.

All the incidents were as result of strong wind.

26 households were affected, 03 were partially damaged, 02 totally damaged and 5 were totally destroyed no people affected, no injuries and no fatalities.

There were 18 blankets, 00 mattresses, 02 tents and 01 plastic sheeting provided to the affected families.

The information was reported to the district.

A total of 21 incidents was reported and attended too. The team managed to extinguish the fire in all incidents.

There were no Motor Vehicle Accident (MVA) reported this quarter

There were 4 fire awareness's done this quarter.

On the 04<sup>th</sup> and 20<sup>th</sup> June 2015 public education on fire was done in ward 17 at Msitha area.

On the 24<sup>th</sup> June 2015 public education was also done in ward 18 at Woza area and on the 29<sup>th</sup> June it was done in ward 18 at Ngabayena area.

#### **B. COMMUNITY SERVICES, HEALTH AND YOUTH DEVELOPMENT**

##### **Formation and functioning of Local Aids Council and Ward Councils**

Progress made with regard to the training of Local Aids Council and HIV Aids campaigns and initiatives undertaken

- All ward Aids Councils have been trained. The functioning however of these Councils is still a challenge; they are not meeting as expected. The local Aids Council met twice these past six months on 27/08/2014 & 04/11/2014 to discuss HIV/AIDS related initiatives.
- Children party took place at Durban on the 27 – 28 November 2014, this is planned for orphaned and

children on HIV/AIDS treatment.

- World aids day was celebrated on the 09<sup>th</sup> December 2014 at Ngongolo School
- The Provincial Aids Council meeting in Pietermaritzburg on the 19 November 2014.
- **Quarter one:** One Disability forum meeting was held on the 14/09/2014 to discuss a schedule of meetings for the financial year as well as projects and trainings planned.
- **Quarter three:** On the 04 February 2015 a sport festival for disabled people was held at Dundee where different sports codes occurred.
- **Quarter four:** The Strategic Planning meeting for Provincial AIDS Council was held on the 15 April 2015 at uMzinyathi District Municipality.

On the 14<sup>th</sup> April 2015 the launch for people living with HIV/AIDS was held at uMzinyathi District Municipality.

On the 13<sup>th</sup> May 2015 the Local Aids Council Meeting was held to discuss the various items and the submission of reports by the departments.

#### **Progress towards the development of a Disability forum**

- On the 29 April 2015 a meeting for disabled people was held where Msinga Municipality reported about the progress report regarding the training of the disabled people.
- The plenary meeting for Disabled Summit was held on the 06<sup>th</sup> May 2015 and the summit took place on the 27-29 May 2015 at Dundee.

#### **Pauper burials**

*To provide dignified burial function to the Pauper and destitute families.*

Quarter	Assisted families
The first quarter	59 families
The second quarter	52 families
Third quarter	99 families
Fourth Quarter	109 families
<b>Grand total</b>	<b>319</b> (people buried with municipal pauper burial aid)

#### **Youth development**

*Progress made with the assistance of youth to enter tertiary level and other programmes that can enhance their skills.*

**First quarter** progress: a total of **67** students assisted with tertiary registration.

**Second quarter** progress: **37** students assisted with the tertiary registration

**Third quarter:** **93** students got assistance with tertiary registration.

**Fourth quarter:** **23** students assisted with tertiary registration fees, driving licences, computer studies, security studies. Most wards have used their allocated funds but some wards have not spent their funds.

Grand total of **220** students received tertiary registration assistance in the year 2014/15

### **Progress achieved towards the youth empowerment**

A total of 43 youth initiatives were sponsored under the programme youth empowerment.

### **Encouragement of indigenous knowledge/skills**

#### ***To develop talents and promote arts and culture in all municipal wards***

- ✓ **First quarter:** 11 wards held their events successfully, in ward 01, 02, 03, 04, 05, 15, 16, 17, 18 and 19.
- ✓ **Second quarter:** 08 wards held their events, which is ward 6, 7, 8, 9, 10, 11, 12 and 13.
- ✓ **Third quarter:** no major sport activity occurred however meetings have been held to prepare for the Mayoral cup to be held in the fourth quarter on the 27<sup>th</sup> April 2015.

### **Sports and recreation**

#### ***To ensure that youth participate in sports and other recreational activities and honouring of public holidays through having different activities***

- Msinga municipality provided meals for 340 maidens who attended Umhlanga at eNcome on the 4 – 7 September 2014. Transport was also given where one bus was allocated per T/A.
- 120 scouts were transported to annual scouts rally
- 15 July 2014 selection of IG committee was done. Participation on indigenous games held at Pomeroy on the 27 July 2014
- 13 August 2014 a meeting on ward games was held to discuss prizes, codes, etc
- 26 – 28 August 2014 Provincial Golden Games were successfully attended at Ugu Municipality
- **Ward Games:**
  - ✓ A total of 17 wards have played their ward games, only 2 wards (ward 01 and ward 06) are yet to play.
- 11-14 December 2014 SALGA games were successfully attended at Umzinyathi District Municipality
- Msinga Sports Council was held on 17 April 2015 to discuss issues in sports. Plenary meeting



for Mayoral Cup Games was held on 27 April 2015 and the Mayoral Cup Games completion was successfully held on the 1<sup>st</sup> May 2015.

- Meeting with Msinga Athletics Club was held on the 27 May 2015. Ladies Soccer League plenary meeting was held on 24 June 2015.
- Msinga Sports Council Meeting was held on 1<sup>st</sup> June 2015 and again on the 24 June 2015.

## **9 LED AND TOURISM**

### **Development of an LED strategy**

- Agri- processing- construction is 100% complete. Msinga Municipality has submitted five registered co-ops but 2 qualify for pre-screening. Msinga recycling cooperative and Rorkes Drift have qualified for further evaluation to qualify for actual funding.
- Agri – processing PSC meeting are ongoing and the last meeting was held on the 15<sup>th</sup> of March 2015.
- Task team will be working on a strategic business plan to request more funding from COGTA for installation of Agri-processing equipment.
- Qinisela Co-op is a cooperative that will supply the vegetables to the plant. Monthly PSC are ongoing.

### **Development of a Tourism plan**

Progress made with the development of a tourism plan that will promote local tourism and identify projects that can boost tourism

- The municipality awaits the Department of Economic Development and Tourism's response following a business plan forwarded by the municipality requesting funding towards the preparation of the plan.
- The applicant awaits the decision for funding from the Department of Economic Development and Tourism

## **10 DEVELOPMENT PLANNING AND STRATEGIC PLANNING**

### **Ensure annual review of the IDP**

Progress made with the review of the 2014/15 IDP:

- The Process Plan for the review of the 2015/2016 was adopted by Council on the 17 September 2014
- Process Plan 2015/2016 was submitted to COGTA on the 26 September 2014
- First IDP Forum meeting on the 25 November 2014 was successfully held
- Second IDP forum was held on the February 2015
- Draft IDP 2015/2016 was adopted by council on the 27<sup>th</sup> of March 2015 along with the Draft budget as the legislation MFMA and MSA state.
- An advert for the 2015/2016 draft adoption appeared on the Ilanga newspaper dated 09/04/2015
- Final IDP Forum was held on 28 April 2015.
- Final IDP, Budget & SDBIP was adopted 27 May 2015 and submitted to DCOGTA on 08 June 2015.
- Final IDP 2015/2016 was advertised in Ilanga Newspaper on the 15-17 May 2015.

#### PDA applications:

- **First & Second quarter:** One (1) PDA Application for lease 2 & 3 on Portion 4 of the farm Machjeene no. 2254 in Rockes Drift was received. The application has been finalised with the Council giving its approval on 17 September 2014.
- **Third quarter:** One (1) PDA application for the establishment of a FET on Portion 25 of the farm Klip River no. 4665 in Cwaka, Msinga Top was received. The application has also been finalised and approved by Council on 24 June 2015.
- **Fourth quarter:** reviewed town planning tariffs were adopted by EXCO on the 17 JUNE 2015 and to Full Council 24 June 2015.

#### Progress made with the development of the Pomeroy plans:

- Draft report for Pomeroy has been produced. The report is to be adopted in the next Full Council meeting.
- Development of the precinct plans that will enhance development of the town

#### Progress made with the development of SDF 2012 – 2016:

- The final SDF document was adopted by Council on 17 September 2014

- The review was adopted 28/5/2015 along IDP 2015/2016

#### 4) KPA: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

### 11 ADMINISTRATIONS

1. The objective is to arrange council committee meetings successfully. A total of **12** EXCO meetings were planned for the whole financial year.

- **11 Executive Committee** meetings were held
  - 23/07/2014
  - 20/08/2014
  - 10/09/2014 – cancelled
  - 23/09/2014
  - 29/10/2014 – sat on the 31/10/2014
  - 19/11/2014 - cancelled
  - 10/12/2014
  - 14/01/2015- special
  - 28/01/2015
  - 18/02/2015
  - 18/03/2015
  - 15/04/2015 – cancelled
  - 20/05/2015
  - 12/06/2015
- **Four Full Council meetings** were planned.
  - 27/8/2014 - special
  - 17/09/2014
  - 17/12/2014
  - 23/01/2015 – special
  - 24/02/2015 –special

- 27/03/2015
- 27/5/2015- special
- 24/06/2015
- The target is one subcommittee meeting (one per subcommittee) per quarter
  - a. **Administrative subcommittee** meeting were held on the
    - ✓ 05/08/2014
    - ✓ 29/04/2015
  - b. Audit committee held on the
    - ✓ 28/08/2014
    - ✓ 13/11/2014
    - ✓
  - c. **Technical subcommittee** meetings were held on the
    - ✓ 15/08/2014;
    - ✓ 17/10/14 ,
    - ✓ 08/12/2014,
    - ✓ 11/02/2015
    - ✓ 01/06/2015
  - d. **Municipal public account committee (MPAC)** held on the
    - ✓ 10/9/2014,
    - ✓ 15/12/14,
    - ✓ 17/03/2015
    - ✓ 09/06/2015
  - e. **Development planning subcommittee** held on
    - ✓ 09/06/2014
    - ✓ 14/08/2014 &
    - ✓ 17/11/2014
    - ✓ 11/02/2015
    - ✓ 22/05/2015
  - f. **Finance subcommittee** held on the

✓ 14/7/2014

✓ 15/08/2014

2. The objective was to fill and sign declaration interest forms for employees and councillors

- Declaration of interest for 2014/2015 was completed by the 30/09/2014.

3. The objective is to prepare the Mayor's speeches two days in advance. This objective is met

4. Revised and updated HR practices and uniform policies

- Policies were submitted to Council for approval and implementation

5. Progress made with the revision and implementation of WSP

- WSP submitted to LGSETA
- Monthly reports and minutes are submitted to ExCo on a monthly basis

7. Number of vacancies on the approved organogram budgeted and filled

- 5 vacancies were filled in the Department of Technical Services by 30 November 2014.
  - Waste Truck Driver
  - Tipper Truck Driver
  - Excavator Driver
  - Tractor Driver
  - Roller Driver

**Third quarter:**

- ✓ **78 Posts** were filled this quarter including **38 special securities, 35 security guards, 1 truck driver, 1 mechanic, and 1 grader driver.**

**Fourth quarter:**

- **Cashier & truck driver** vacancies were filled in the quarter

7. Progress made regarding the functioning of the Local Labour Forum

- Local Labour Forum established. meetings not yet held due to non-submission of items

8. Progress made with personnel record administration

- Leave checked regularly by Director

9. Progress made towards efficient archiving and record systems

- Registry Manual Record Management Policy in place

#### 10. Update of the telephone and municipal website

- Communications Official employed.
- All HODs submit items for website meeting

#### 11. Progress made regarding the maintenance of council vehicles

- Progress report is produced monthly
- 25 vehicles log books are checked on a regular basis

#### 12. Level of compliance with MFMA and SCM

- Requisitions for all items purchase

#### 13. Quarterly departmental progress reports submitted to the MM and EXCO

- Progress made regarding the update of a resolutions register with proof of actions undertaken in terms of implementation.
- Monthly implementation reports submitted to the MM before the 30<sup>th</sup> of each month

#### 14. Progress made with the implementation of the municipal funded programmes:

- Monthly implementation progress reports are submitted to the MM within 10 days of each month
- Monthly implementation reports submitted to EXCO on monthly basis
- First quarter report along with POE submitted to MM on the 10/10/2014
- Second quarter report along with POE was submitted to the MM on the 09/01/2015
- Third quarter submitted by the 20/04/2015
- Fourth quarter submitted 10/6/2015.

## 5) KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

### 12 PUBLIC PARTICIPATION

#### 15. Number of Mayoral Izimbizo per financial year.

- Make logistic arrangements for Mayoral Izimbizo: target is one (1) per ward.

- A total of **41 izimbizos** were successfully executed over the past twelve months.
- One IDP Budget engagement was held at Efabeni community hall on the 18<sup>th</sup> June 2015 to present the municipality's reviewed Budget & IDP 2015/2016 to the entire community of Msinga. The previous year's achievements against the set targets were also tabled. An estimated number of about 3000 people attended. This engagement was made in line with the municipality's communication strategy.
- Number of Mayoral (Ikhwezi Fm) talk shows broadcasted per financial year

There is a target to have one talk show per month

- **3 episodes** were broadcasted successfully per quarter. A total of 12 episodes were successfully executed.

#### 17. Training of Ward Committee Members in each ward.

- Training progress report submitted to the Municipal Manager at the end of training.
- Training material for Ward Committee Member was developed by COGTA.
- Ward Committee Training – No training conducted yet

#### 18. Number of Ward Committee meetings held per ward.

The annual target is to have 12 meetings per ward; a total of 228 (12x19 wards=228) Ward Committee meetings held per year. The ward committee minutes are to be submitted to the Municipal Manager on monthly basis.

- **First quarter** 57 meetings were held successfully
- **Second quarter** 57 meetings were held successfully
- **Third quarter** 57 meetings were held successfully
- **Fourth quarter** 57 meetings held successfully
- A total of **228** meetings were held in the year 2014/2015.

## Scorecard 2014/2015

PGDS goal	NKPA	Outcome 9	MUNICIPAL projects	Objective As per IDP	KPI	2013/14 Annual target	2013/14 actual	DEMAND	BACKLOG	2014/2015 Target	2014/15 Actual	STATUS achieved/not achieved	Measures taken to improve performance	RESPONSIBLE DEPT (POE)
strategic infrastructure	BASIC SERVICES DELIVERY	Improved access to basic services	Roads	To provide a better Local access Road network	the number and kilometres of new access roads built	5 access roads 27 KM	(23,5km) access roads 90%			29,3km	38,8km	100%		TECHNICAL DIR. SOKHELA  (payment certificates)
			Sports facility Ensure easy access to sports facilities	To reduce sporting facilities backlog within the municipal area.	number of facilities constructed	Pomeroy sports complex Phase 1	Phase 1 complete			Phase 2	Phase 2	100%		TECHNICAL DIR. SOKHELA
			Proper management of waste	To develop & Implement a IWMP	Comprehensive IWMP	IWMP	1	1	1	1	1	100%		Resolution dated 18/12/2013
			To accelerate electrification of Msinga	To provide an acceptable standard of electricity	Number of households provided with electricity	700	602	28485	27 785	900	895	98%		TECHNICAL DIR. SOKHELA
Response to climate change			To properly process waste in an environmentally safe and sustainable way	To rehabilitate the land fill site	Waste rehabilitation	Pomeroy Waste facility	1	1	1	1	1	100%		TECHNICAL DIR. SOKHELA



	LED	Community work programme implemented	To provide safe and sustainable living environment	To facilitate the development of rural housing	Number of houses completed	500 units	550	21694	21194	200	205	100%		Resolution January 29 2014
Job creation	LED		Youth empowerment	To empower the youth of Msinga Municipal area through education to increase chances of finding employment.  To unlock the youth's economic potential	<b>Number of experiential training opportunities created</b>	One per ward=19	19	0	0	19	19	100%		DEV.PLANNING  DIR. NDLOVU
Governance and policy	LED		To encourage the participation of youth in sports and recreation	Functioning sports structure	Participation in SALGA games	SALGA GAMES  DEC/2013	1	1	1	1	1	100%		DEV.PLANNING  DIR. NDLOVU
	LED		To empower the youth of Msinga Municipal area through education to increase chances of finding employment.  To unlock the youth's economic potential	administer the bursary scheme to at least two students per ward identified from the profiled most deprived households	<b>Number of students assisted</b>	One per ward=19	163	0	0	38	220	100%		DEV.PLANNING  DIR. NDLOVU
					<b>Number of youth initiatives</b>	2 per ward				38	43	100%		
	LED		To encourage the participation of youth in sports and recreation	SPORTS & RECREATION	Number of Sporting activities held per year	ONE PER WARD =19	19	19	19	19	19	100%		DEV.PLANNING  DIR. NDLOVU
Strategic infrastructure	LED		To support the needy families	To ensure that the community receive the dignity through the municipality. (2 Coffins per month.)	the number of beneficiaries	100%	Pauper burials	178	0	Pauper burials	319	100%		DEV.PLANNING  DIR. NDLOVU
SPatial equity	SPATIAL DEV		To prevent accidents and protect the animals that are roaming on the roads	commence the use of Pound	Pound construction	1	Fully functional pound	1	0	1	1	100%		DEV.PLANNING DIR. NDLOVU

Job creation	LED		to reduce poverty through local economic development	To implement the LED Strategy	Adopt an LED strategy	0	LED STRATEGY	1	1	1	1	100%		Resolutrion 18 /12/2013
Job creation	LED		Develop an agri-processing	To implement the LED Strategy	A Constructed structure	0	Processin g plant	95%	90%	100%	100%	100%		DEV.PLANN ING DIR. NDLOVU
Good governance	GOOD GOVERNANCE		To ensure public participation in local governance	Ensure the effective functioning of council structures.	Number of ward committee meetings	228	228 ward committee meetings	228	228	228	228	100%		DEV.PLANN ING DIR. NDLOVU
Spatial equity ,and Good governance	SPATIAL DEV		To speed up development applications in terms of KZN PDA	To ensure development applications are assessed efficiently and timeously.	Number of PDA development applications	100%	2 Completed Applications	2	0		1	100%		DEV.PLANN ING DIR. NDLOVU
Response to climate change	SPATIAL DEV		To create a disaster free environment	To prevent the effects of natural disasters	Disaster Management plan	100%	Disaster Management Plan	0	0		1	100%		DEV.PLANN ING DIR. NDLOVU
Human resource development	MUNICIPAL TRANSFORMATION &INSTITUTIONAL DEV		To develop staff skills in the workplace in line with IDP functions.	to implement the Work Place skills plan	Number of staff attending training programmes	30	28	21	14	Implemented WSP	100%	100%		COPORATE SERVICES
Job creation	LED		Effective maintenance of community facilities	Number maintained community facilities	Community facilities maintained	7	7	8	8	8	100%	100%		COPORATE SERVICES
Human resource development	MUNICIPAL TRANSFORMATION &INSTITUTIONAL DEV		To improve the performance of the municipality in order to ensure sustainability	Progress towards a fully-fledged Performance Management System	Number of performance agreements signed	6	6	6	6	1	75%	75%		COPORATE

financial	FINANCIAL VIABILITY & MANAGEMENT	Compliance of sec71 report of the MFMA annual reports	S71 reports	to report monthly to council	Number of reports presented to council	12	12	12	12	12	100%	100%		FINANCE
Spatial equity	CROSS CUTTING INTERVENTIONS		To ensure proper spatial planning and environmental planning	To attract investors to the main economic hub, Tugela Ferry  Wall to wall scheme	Progress towards the proclamation of Tugela as a town&Wall to wall schemes	50%	10%	100%	20%	Tugela Ferry and Pomeroy TPS	20%	- 80%	COGTA is leading the engagements. There is progress in the wall to wall scheme project.	DEV PLAN
Job creation	LED	To organise a disability forum	To ensure promote the rights of the vulnerable groups( women, children and disable)  To promote disable friendly facilities.	Vulnerable groups .Progress towards a municipality that involves all members and promotes equality and restores dignity.	Formulation of a disability forum & Disability summit	0%	0%	1	1		100%	100%	Summit held 27-29 May 2015	DEV PLAN
					Children & women	1	1				100%	100%		DEV PLAN
					Number of Disability activities	2	2			100%	100%	100%		
Job creation	LED		Encourage sports in all wards and present a platform for educating youth	Promote sports	Number of Sports events at ward level	19	19	19	19	19	100%	100%		DEV PLAN
Job creation	LED		Alert community on HIV, TB and other communicable diseases	World Aids day celebration	Number of HIV activities held	6	6	6	6	6	7	100%		DEV PLAN
	GOOD GOVERNANCE & COMMUNITY PARTICIPATION		Ensure proper administration		Website functioning	100%	50%	100%	80%	website,	80%	- 20%	New service provider has been assigned to website.	
	GOOD GOVERNANCE &		Ensure public participation Through		Number of izimbizos	38	38	38	38	41 Izimbizo,	100%	100%		Corporate services

	COMMUNITY PARTICIPATION		various mechanisms		Mayoral talk shows	12	12	12	12	mayoral talk shows,	100%	100 %		
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## *Key Performance Area 1:*

### **Municipal Transformation and Organisational Development**

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**This KPA will cover the following areas:**

- Introduction
- Performance Management Systems.
- Filling of Section 57 Manager positions;
- Signed performance agreements by Section 57 Managers;
- Disciplinary processes against Section 57 Managers;
- Employment Equity
- Human Resource Development Strategy
- Municipal Budget spent on implementing workplace skills plan
- Challenges experienced in municipal transformation and organizational development
- Measures taken to improve performance
- Recommendations (including assistance required)

## Performance Management System

**Table 1: PMS implementation in a municipality – 2014/2015**

Municipality		Date of adoption, of PMS Policy and Framework Council (State date of adoption)	Did the municipality review/develop its IDP and engaged with the community in the process	Is the municipality's adopted IDP linked to SDBIP?	No of Section 56/7 Performance contracts signed?	No of Section 56/7 managers with signed Performance Agreements	Is the municipality's PMS audited by an Internal Auditor for functionality and legal compliance?	Has the municipality Appointed Performance Audit Committee (PAC)	Did the municipality submit previous year's council oversight report and made public	No of quarterly performance reports submitted	Has the municipality cascaded PMS to lower levels	St reasons n comp of a th comp
Umzinyathi DM	Y/N:											
	Date:											
Endumeni	Y/N:											
	Date:											
Nquthu	Y/N:											
	Date:											
Msinga	Y/N:	Yes	Yes	Yes	5	5	Yes	Yes	Yes	4	No	
	Date:	DEC 2011				30/07/2014			February 2015			
Umvoti	Y/N:											
	Date:											
TOTAL												

Table 2: Linkage between IDP and SDBIP : 2014/2015

Name		2012/13			2013/14			2014/2015		
		IDP Framework/ Process Plan Approved	IDP adopted and Submitted	Is the IDP aligned to SDBIP	IDP Framework/ Process Plan Approved	IDP adopted and Submitted	Is the IDP aligned to SDBIP	IDP Framework/ Process Plan Approved	IDP adopted and Submitted	Is the IDP aligned to SDBIP
Umzinyathi DM	Y/N:	1	1		1	1	1			
	Date:									
Endumeni	Y/N:	1	1		1	1	1			
	Date:									
Nquthu	Y/N:	1	1		1	1	1			
	Date:									
Msinga	Y/N:	1	1		1	1	1	Yes	Yes	Yes
	Date:				2013/9/	28/5/2014		17 SEPTEMBER 2014	2015 May 28	2015 May 28
Umvoti	Y/N:	1	1		1	1	0			
	Date:									
TOTAL		5	5	*	5	5	4			

Table 3: Filling of Section 56/7 Managers posts

	2012/13			2013/14			2014/2015			Reasons for vacancies
	No of posts approved	No of posts filled	No of vacancies	No of posts approved	No of posts filled	No of vacancies	No of posts approved	No of posts filled	No of vacancies	
Umzinyathi DM	6	5	1	6	6	0				
Endumeni	*	*	*	4	3	1				
Nquthu	5	5	0	5	5	0				

<b>Msinga</b>	*	*	*	6	6	0	6	5	1	HOD passed away in August 2013. Acting Director is in place.
<b>Umvoti</b>	*	*	*	5	4	1				
<b>TOTAL</b>	11	10	1	26	23	3				



**Table 4: Disciplinary processes against Section 56/7 Managers**

	2012/13			2013/14			2014/2015		
	No of reported cases	No of pending cases	No of resolved cases	No of reported cases	No of pending cases	No of resolved cases	No of reported cases	No of pending cases	No of resolved cases
Umzinyathi DM									
Endumeni									
Nquthu									
Msinga	0	0	0	0	0	0	0	0	0
Umvoti									
TOTAL									

**Compliance with the EEA**

**Table 5: Women appointments – Section 56/7 Managers**

	2012/13			2013/14			2014/2015		
	No. of Section 56/7 posts approved	Women appointed in Section 56/7 posts	No of vacancies for women Section 56/7 Managers	No. of Section 56/7 posts approved	Women appointed in Section 56/7 posts	No of vacancies for women Section 56/7 Managers	No. of Section 56/7 posts approved	Women appointed in Section 56/7 posts	No of vacancies for women Section 56/7 Managers
Umzinyathi DM									
Endumeni									
Nquthu									
Msinga	6	1	0	6	1	0	6	1	0
Umvoti									
TOTAL									

Table 6: Employment of people with disabilities (The entire Organization)

Municipality	2012/13			2013/14			2014/2015		
	Total no. of people with disabilities	No. of Section 56/7 Mangers with disabilities	No of vacancies for people with disabilities	Total no. of people with disabilities	No. of Section 56/7 Mangers with disabilities	No of vacancies for people with disabilities	Total no. of people with disabilities	No. of Section 56/7 Mangers with disabilities	No of vacancies for people with disabilities
Umzinyathi DM									
Endumeni									
Nquthu									
Msinga	2	1	0	2	1	0	2	1	0
Umvoti									
TOTAL									

Table 7: Employment of employees that are aged 35 or younger (Whole Organization)

Municipality	No. and percentage:	2012/13			2013/14			2014/2015		
		Total approved posts	No of posts occupied by staff aged 35 or younger	% of posts occupied by staff aged 35 or younger	Total approved posts	No of posts occupied by staff aged 35 or younger	% of posts occupied by staff aged 35 or younger	Total approved posts	No of posts occupied by staff aged 35 or younger	% of posts occupied by staff aged 35 or younger
Umzinyathi DM		6			5					

<b>Endumeni</b>					<b>4</b>					
<b>Nquthu</b>		<b>5</b>			<b>5</b>					
<b>Msinga</b>		<b>67</b>	<b>38</b>	<b>60%</b>	<b>101</b>	<b>44</b>	<b>43%</b>	<b>142</b>	<b>55</b>	<b>38.7%</b>
<b>Umvoti</b>					<b>5</b>					
<b>TOTAL</b>		<b>11</b>			<b>25</b>	<b>1</b>	<b>4</b>			

Table 8: Development and Implementation of specific HR policies and systems per municipality – 2014/2015

Municipality		Recruitment and selection policy			Skills Development Plan			EE Plan			HRM and HRD policies		
		Reviewed /Developed	Approved	Implemented	Reviewed /Developed	Approved	Implemented	Reviewed /Developed	Approved	Implemented	Reviewed /Developed	Approved	Implemented
Umzinyathi DM	Y/N												
	Date:												
Endumeni	Y/N												
	Date:												
Nquthu	Y/N												

	D at e:												
Msinga	Y/ N	y	y	y	y	y	y	y	y	y	y	y	y
	D at e:	07 Septe mber 2011	07 Septe mber 2011			30 September 2013		15 January 2014	15 January 2014	15 January 2014	N	N	N
Umvo ti	Y/ N												
	D at e:												
TOTAL													

**Table 9: Workplace Skills Plans submitted by municipalities**

Municipality	Management level	2012/13		2013/14		2014/2015	
		Total No of staff approved	No. of staff trained	Total No of staff approved	No. of staff trained	Total No of staff approved	No. of staff trained
	Councillors	37	37	37	37	37	0

	Senior Management level	5	5	5	5	11	11
	lower level employees	59	59	59	59	115	19
Technicians and professional		8	8	8	8	15	4
<b>TOTAL</b>				109	109	142	34

### Section 139 interventions

Table 10: Has the municipality been put under section 139 interventions. If YES, which year(s)

Municipality	2012/13	2013/14	2014/2015
Umzinyathi DM	* Y/N:		
Endumeni			
Nquthu			
Msinga	N	N	N
Umvoti			
<b>TOTAL</b>			

## **KPA 1: Challenges**

- 1. The municipality has a high number of unskilled staff. The budget constraints limits the number of trained staff attained per annum.**
- 2. The municipality budgeted 1% towards the training of employees. The budgeted amount for the financial year was not enough to cover staff training needs.**
- 3. Performance has not been cascaded down to junior employees and not all structures are functional**
- 4. The municipality has not been able to get a new HOD for Cooperate services following an accidental death of the former HOD. This means more workload has been piled over to the acting Director.**
- 5. Attracting skilled experienced staff remains a challenge due to the municipals geographical location and rural nature**
- 6. No clear personal development plans for junior staff creates duplication of skills**

## **KPA 1: Measures taken to improve performance**

- 1. Performance management is still at an infantry stage at Msinga municipality, structures are being put in place to ensure compliance with legislative requirements.**
- 2. In 2014/15 all staff was made to report monthly in line with their job descriptions and performance plans as performance management system is gradually being cascaded down to all employees.**
- 3. The municipality intends to get a Performance Management specialist through the District Shared services that will make sure that all mechanisms to improve performance are in place. Currently an agreement in line with this initiative is awaiting council approval.**

### **KPA 1: Recommendations**

- 1) Incentives need to be put in place to attract and keep skilled employees**
- 2) A performance specialist and a workshop on PMS is required for MPAC, staff, and councillors**
- 3) Funding needs to be increased**
- 4) To ensure increased productivity ,only training aligned to employees personal development plans needs to be approved**



## *Key Performance Area 2:*

### **Basic Service Delivery**

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**This KPA will cover the following areas:**

- Introduction
  - Progress
    - Access to Free Basic Services
      - Water
      - Sanitation
      - Electricity
      - Refuse removal
    - Access to Basic Services
      - Water provision
      - Waste Water
      - Electricity
      - Waste management
      - Housing
    - Bucket System Eradication
    - Indigent Policy implementation
    - Roads and Transport
      - Infrastructure
      - Transport (vehicle registrations
      - Public bus transportation
      -
  - Challenges experienced in basic service delivery (indicate specific municipalities)
  - Measures taken to improve performance
  - Recommendations
-

Table 11: Access to Basic Services for each municipality

Municipality	2012/13										2013/14										2014/2015									
	Housing		Water (on site)		Sanitation		Refuse removal		Electricity (in house)		Housing		Water (on site)		Sanitation		Refuse removal		Electricity (in house)		Housing		Water (on site)		Sanitation		Refuse removal		Electricity (in house)	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Umzinyathi DM																														
Endumeni																														
Nquthu																														
Msinga											500	83	0	0	0	0	839	839	1300	1500	500	545	n/a	n/a	n/a	n/a	839	839	700	700
Umvoti																														
TOTAL																														

Housing Backlogs =21694

Sanitation Backlogs =28549

Water supply Backlogs =30,325

Electricity Backlogs = 29726

Table 12: Blue Drop Water Certification per province (Applicable to Water Service Authorities) N/A

Municipality	2012/13		2013/14		2014/2015	
	Did the municipality receive a blue drop certification?	If not, state the reason	Did the municipality receive a blue drop certification?	If not, state the reason	Did the municipality receive a blue drop certification?	If not, state the reason
Y/N and reason	-	-	-	N/a	N/a	n/a

## MUNICIPAL INFRASTRUCTURE GRANT (MIG) EXPENDITURE

**Table 13: Total grants, donations and contributions received per municipality**

Municipality (Rands and percentages)	2012/13			2013/14			2014/2015		
	Allocations	Amount spent	% spent	Allocations	Amount spent	% spent	Allocations	Amount spent	% spent
Umzinyathi DM									
Endumeni									
Nquthu									
Msinga	26,665,000 00	26,665,000 00	100%	31 844 000.00	30,026 642	98%	36,513,000 00	36,513,000 00	100%
Umvoti									
TOTAL									

## Indigent Policy implementation with regard to provision of free basic services

Table 14: Indigent Policies and Registers

Municipality		2012/13			2013/14			2014/2015		
		Reviewed /developed indigent policies	Indigent policy implemented	Indigent registers in place	Reviewed /developed indigent policies	Indigent policy implemented	Indigent registers in place	Reviewed /developed indigent policies	Indigent policy implemented	Indigent registers in place
Umzinyathi DM	Y/N									

	Date:									
Endumeni	Y/N									
	Date:									
Nquthu	Y/N									
	Date:									
Msinga	Y/N	y	y	y	Y	Y	y	Y	Y	y
	Date:									
Umvoti	Y/N									
	Date:									
TOTAL										

Table 15: Status on the provision of free basic services by municipalities (2014/15)

Municipality (No. of H/holds and units)	Electricity		Water		Sanitation		Refuse removal	
	No of indigent households receiving free service	Units per household (kwh)	No of indigent households receiving free service	Units per house-hold (kl)	No of indigent households receiving free service	Units/ R value pm per house-hold	No of indigent households receiving free service	Units/ R value pm per house- hold
Umzinyathi DM								
Endumeni								
Nquthu								
Msinga	2645	solar	0	0	0	0	0	0

Municipality  (No. of H/holds and units)	Electricity		Water		Sanitation		Refuse removal	
	No of indigent households receiving free service	Units per household (kwh)	No of indigent households receiving free service	Units per house-hold (kl)	No of indigent households receiving free service	Units/ R value pm per house- hold	No of indigent households receiving free service	Units/ R value pm per house- hold
Umvoti								
TOTAL								

## **KPA 2: Challenges**

- 1) The municipality does not have a plan that quantifies the required amount of infrastructure ( Comprehensive Infrastructure Plan) hence it is difficult to state accurately how many kilometres of roads are required(backlog)
- 2) Housing projects have different challenges that are causing delays
- 3) implementing agents not submitting applications on time
- 4) land ownership issues has delayed KwaDolo housing

## **KPA 2: Measures taken to improve performance**

1. The municipality is trying to find financial assistance for the preparation of its CIP.
2. The Housing project is run by the department of Human Settlement and to accelerate housing provision the department has decentralized and has officers located at a district level.

## **KPA 2: Recommendations**

- 1) Developing a backlog study for all infrastructures for the municipality.
- 2) Enlisting the assistance of sector departments in developing this plan

### Key Performance Area 3:

#### Local Economic Development

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**This KPA will cover the following areas:**

- Introduction
- Progress
  - No. of jobs created through infrastructure capital projects (*this should include Previously Disadvantaged Individuals*)
  - Development and implementation of LED strategies and plans
  - Capacity for implementing LED in municipalities
- Challenges experiences in local economic development (indicate specific municipalities)
- Measures taken to improve performance
- Recommendations



Table 16: Municipalities with adopted and implemented LED strategies

Municipality		2012/13			2013/14			2014/2015			Reasons for no strategy in place
		LED strategy reviewed/ developed	LED strategy approved	LED strategy implemented	LED strategy reviewed/ developed	LED strategy approved	LED strategy implemented	LED strategy reviewed/ developed	LED strategy approved	LED strategy implemented	
Umzinyathi DM	Y/N					*					
	Date:										
Endumeni	Y/N										
	Date:										
Nquthu	Y/N										
	Date:										
Msinga	Y/N	N	N	N	Y	Y	Y	y	y	y	
	Date:					December 2013					
Umvoti	Y/N										
	Date:										
TOTAL											

Table 17: Capacity of municipalities to implement LED

Municipality	2012/13		2013/14		2014/2015	
	No of posts approved	No of filled posts	No of posts approved	No of filled posts	No of posts approved	No of filled posts
	1	1	2	2	2	2

No. of jobs created through municipalities’ local economic development initiatives, including capital projects

The purpose of this indicator is to assess and reveal the extent to which municipalities contribute towards creating jobs through the implementation of capital projects, as well as their own LED initiatives.

Figure 18: No. of jobs created per Municipality

Municipality	2012/13			2013/14			2014/2015		
	No. of jobs created through EPWP	No. of jobs created through CWP	No. of jobs created for Co-operatives	No. of jobs created through EPWP	No. of jobs created through CWP	No. of jobs created for Co-operatives	No. of jobs created through EPWP	No. of jobs created through CWP	No. of jobs created for Co-operatives
No.:	394	800		746	1500	20	746	1600	02

- The target has been 1500 however 20 jobs were created in 2014/2015 to fill the vacancies that had occurred. The target has gone up to 1600 thus further recruitment of 100 is in progress.

Table 19: EPWP implementation per Municipality (2014/15)

Municipality	Person-years of work including training	Person-Years of training	Gross No. of work opportunities created	% of youth	% of women	% of people with disabilities
No. and percentage		0	746	35%	100%	10%

### **KPA 3: Challenges**

- 1) lack of coordination and support of municipality and sector departments in the planning and implementation of LED projects
- 2) Limited funding as well as expertise for earmarked LED projects implementation
- 3) Limited enterprise development support for rural coops and lack of private investor interventions

### **KPA 3: Measures taken to improve performance**

- 1) Prepare funding proposal to solicit funding for programmes
- 2) Partnership needs to be formed with other sector departments in implementing LED initiatives. So far the municipality has partnered with the Department of Economic Development & SEDA.

### **KPA 3: Recommendations**

- 1) LED unit should be given same status as other units
- 2) Human resource development should be priorities in order to improve institutional capacity
- 3) Departments such as Rural development should partner
- 4) The District municipality should work with the local municipality to implement earmarked projects and assist with funding.
- 5) LED forum to be established that solely tackles LED issues

## *Key Performance Area 4:*

### **Municipal Financial Viability and Management**

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**This KPA consists of the following areas:**

- Introduction
- Financial viability
- Capital expenditure by municipalities
- Compliance with the MFMA
- Municipal budgets, expenditure and revenue sources
- Financial viability defined in terms of debt coverage, outstanding debtors to revenue and cost coverage by h municipality
- Challenges experiences in municipal financial viability (indicate specific municipalities)
- Measures taken to improve performance
- Recommendations

Capital Expenditure by Municipality

Table 20: Performance against budget by municipalities

	2012/13			2013/14			2014/2015		
	Budget approved	Revenue	Expenditure	Budget approved	Revenue	Expenditure	Budget approved	Revenue	Expenditure
Rands:	*R31 065 000	R99 302 00	R72 201 733	R38 068 298	R135 830 205	R104 371 224	R45 577 055	R154 548 000	R116 440 636

Table 21: Total grants, donations and contributions received

Municipality	2012/13			2013/14			2014/2015		
	Total donations, grants and contributions available	Total spent	% expenditure	Total donations, grants and contributions available	Total spent	% expenditure	Total donations, grants and contributions available	Total spent	% expenditure
Rands and percentage	R37 203 300	R35 469 005	*	R44 541 730	R47 098 491	95%	R154 548 000	R38 762 359	25%

Table 22: A-G Opinion

Municipality	Audit Opinion 2011/12				Audit Opinion 2012/13				Audit Opinion 2013/14			
	Unqualified	Qualified	Disclaimer	Adverse	Unqualified	Qualified	Disclaimer	Adverse	clean	Qualified	Disclaimer	Adverse
	✓				✓				✓			

Financial Viability

Table 23: Outstanding debt and debt management

Municipality	2012/13				2013/14				2014/2015			
	Water & Electricity	Sewerage & Refuse	Housing	Other	Water & Electricity	Sewerage & Refuse	Housing	Other	Water & Electricity	Sewerage & Refuse	Housing	Other
Rands:									-	-	-	-

Table 24: Development of Revenue Enhancement Strategy

Municipality	2012/13			2013/14			2014/2015		
	Strategy Reviewed /developed	Strategy implemented	Has the Revenue improved?	Strategy Reviewed /developed	Strategy implemented	Has the Revenue improved?	Strategy Reviewed /developed	Strategy implemented	Has the Revenue improved?
Y/N:							N/A		
Date:									

**KPA 4: Challenges**

- Msinga is 100% Ingonyama Trust Land
- Debtors Clerk has been appointed
- Tariff policy has been approved
- bylaws has been approved
- Rates policy has been approved

**KPA 4: Measures taken to improve performance**

- Debtors Clerk has been appointed
- Tariff policy has been approved
- bylaws have been approved

**- Rates policy has been approved**

**KPA 4: Recommendations**

**We have implemented the Property Rates and will be taking steps against those that do not pay.**

## *Key Performance Area 5:*

### **Good Governance and Public Participation**

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**This KPA, consists of the following areas:**

- Introduction
- Progress
- Ward Committees
- Deployment of community Development workers
- Intergovernmental relations
- Anti-corruption
- Traditional leadership
- Presidential and Ministerial Izimbizo
- Standard operating procedures and delegations
- Challenges experiences in good governance and public participation (indicate specific municipalities)
- Measures taken to improve performance
- Recommendations



Table 25: Functionality of Ward Committees

Municipality	2012/13		2013/14		2014/2015	
	No. of functional Ward Committees	% of functional Ward Committees	No. of functional Ward Committees	% of functional Ward Committees	No. of functional Ward Committees	% of functional Ward Committees
No. and percentage:	190	80%	190	80%	183	90%

Table 26: Total No. of deployed CDW’s per municipality

Municipality	2012/13		2013/14		2014/2015	
	No of CDW posts approved	No of CDW’s deployed to wards	No of CDW posts approved	No of CDW’s deployed to wards	No of CDW posts approved	No of CDW’s deployed to wards
No.:	19	15	19	19	19	19

- Some wards have two CDWs while others do not have. Ward 5 has 2, ward 12, 6 & 4 do not have CDWs.

Table 27: Good governance indicators as at June 2015

Municipality	All admin delegations adopted	S59 MSA Delegations adopted	Roles of Committees and Political Office Bearers defined	Meetings convened					No. of meetings where quorum was <u>not</u> achieved		Code of conduct adopted (Council & staff)	Code communicated to community	Interests of councillors and staff declared	Councillors and staff members in arrears with municipal accounts
				Council	Executive mayoral committee	Portfolio Committee	Municipal Management	IDP Reps	Council	Executive mayoral committee				
Y/N	y	y	y	8	11	21	4	3	0	0	y	y	y	0
Date - if applicable								25/11/2014, 17/2/2015, 28/4/2015					July 2014	

Anti-corruption

Table 28: Progress on the implementation of anti-corruption strategies by municipalities

	2012/13	2013/14	2014/2015
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Municipality	Anti-corruption Plan compiled	Has Council adopted the Anti-corruption Plan	Anti-corruption Plan implemented	Anti-corruption Plan compiled	Has Council adopted the Anti-corruption Plan	Anti-corruption Plan implemented	Anti-corruption Plan compiled	Has Council adopted the Anti-corruption Plan	Anti-corruption Plan implemented
Y/N:	y	y	y	Y	Y	Y	Y	Y	Y
Date:									

Table 29: Mayoral Izimbizo (include any Presidential, Premier or Ministerial Imbizo held in the municipal area over the past 3 years)

Municipality	2012/13			2013/14			2014/2015		
	No of Izimbizo's	Challenges	Resolutions	No of Izimbizo's	Challenges	Resolutions	No of Izimbizo's	Challenges	Resolutions
No.:	38	0	0	55	NONE	0	41	0	0

## **KPA 5: Challenges**

**Challenges and concerns raised at Izimbizo meetings:**

- ✓ **There are no concerns raised at izimbizo except that the community is always requesting basic services ( water and electricity) which although the municipality is trying to accelerate the pace at which such services are delivered the backlog is still huge.**
- ✓ **Two wards have no CDW assigned to them**

## **KPA 5: Measures taken to improve performance**

- 1) The municipality has prioritized basic service projects: electricity, water ,housing and access roads. 100% MIG is used towards access roads construction.
- 2) Through IGR structures municipality has embarked on facilitating water projects , and through housing forums held once every two months the municipality is using this platform to accelerate the housing projects that were progressing at a slow pace in the past years.
- 3) Increased communication engagements in the form of izimbizos, radio shows etc
- 4) Funding request have been made to accelerate electrification and in 2015/2016 a huge chunk of the municipal investments will go towards the acceleration of households electricity connections.

## **KPA 5: Recommendations**

- 1) Accelerated communication with the community to ensure transparency in conducting municipal affairs
- 2) More funding to be made available for electricity
- 3) Funding be made available for alternative energy sources
- 4) Water be prioritized

## **Cross Cutting Interventions**

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### **Disaster management**

- Introduction
- Progress in the implementation of Disaster Management Act
- Challenges experienced in the implementation of the disaster management
- Support by Provincial Departments of Local Government and the **COGTA**
- Impact of support by stakeholders.

### **Realigned municipality**

- Introduction
- Municipalities affected in realignment per province
- Progress of the re-alignment
- Challenges experienced in the implementation of the re-alignment process
- Support by Provincial Departments of Local Government and the **COGTA**
- Impact of support by stakeholders.

### **Urban and Rural nodes**

- Introduction
- Challenges experienced in the urban and rural nodes
- Progress in the implementation of urban and rural nodes
- Challenges experienced in the implementation of the urban and rural nodes
- Support by Provincial Departments of Local Government and the **COGTA**
- Impact of support by stakeholders.

: Development, submission and implementation rate of SDF's

Municipality	2012/13			2013/14			2014/2015			Reasons
	SDFs approved	SDFs submitted	SDFs Implemented	SDFs approved	SDFs submitted	SDFs Implemented	SDFs approved	SDFs submitted	SDFs Implemented	
Y/N	n	n	n	n	n	n	N	N	N	
Date									a) Rescue equipment is limited	

### SDFs: Challenges

The municipality has an adopted SDF that reflects the current IDP priorities. The municipality with the assistance of consultants embarked on a project to review the SDF in 2012, the SDF was finally adopted in 2014/2015 by council. The SDF was further fine-tuned and adopted along with the IDP on the 28/05/2015.

SDFs: Interventions

### SDFs: Recommendations

✓ SDF to be reviewed and aligned to the IDP 2016/2017

: State of readiness on National Disaster implementation per Municipality (Y/N and Date)

2011/12				2012/2013				2013/14			
									N		

#### Disaster Management: Challenges

- b) Inaccessible water points ( fire hydrants)
- c) The area to be covered is too wide,
- d) Access to the affected area,
- e) Communications break down due to the network problem and
- f) Lack of road signs on the road make it hard to find ( unnamed rural roads unavailable in the GPS)

#### Disaster Management: Interventions

- 1) The municipality approached the uMzinyathi district to assist with the development of a Disaster Management plan
- 2) The newly developed plan is due for adoption by council
- 3)

## PERFORMANCE ASSESSMENT AND EVALUATION

### Summary of assessment results per KPA and per Municipality

Table 32: Other Highlights of Municipal Performance by KPA

Municipality	Focus Area	Highlights
Municipality	KPA 1: Municipal Transformation and Organisational Development	
	KPA 2: Basic Service Delivery	electricity projects
	KPA 3: Local Economic Development	Agriprocessing operationalization efforts
	KPA 4: Municipal Financial Viability and Management	Unqualified audit opinion
	KPA 5: Good Governance and Public Participation	96 izimbizos successfully held
	Cross Cutting Intervention	HIV, children and youth projects

Table 33: Areas of under-performance per KPA

Municipality	Focus Area	<u>Under-performance</u>
Municipality	KPA 1: Municipal Transformation and Organisational Development	
	KPA 2: Basic Service Delivery	Some roads were rolled over to 2015/16 due to budget over commitment for the year 2014/15
	KPA 3: Local Economic Development	
	KPA 4: Municipal Financial Viability and Management	
	KPA 5: Good Governance and Public Participation	
	Cross Cutting Intervention	

## CONCLUSION

Msinga municipality has had a successful year in terms of performance. Msinga is highly illiterate thus the municipality records with pride a total of 220 students that attended tertiary through the bursary scheme. The municipality is women dominant thus in the year under review a total of 746 women received employment opportunities through the municipal EPWP programme. Msinga municipality has improved its financial management as a result in 2013/14 and unqualified audit report from the Auditor General was attained. Msinga remains an underdeveloped rural municipality with huge service backlogs and each year the municipality dedicates its limited resources towards reducing service backlogs.